Requiem for Britain's miners
Page I

The Asian way: Confucius or confusion
Page XXVI

Trapped by Russia's red tape
Page XIII

World markets
Shivering after the cold shower
Page 10

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND MARCH 5/MARCH 6 1994 — D8523A

MEPs may reject car exhaust rules as too lenient

Legislation on stricter car exhaust emissions may be rejected next week by the European parliament because its environment committee feels they are not tough enough. Leading figures in the motor industry maintain that tighter standards than those proposed could not be achieved before the 1996 deadline. Next week's proposals are expected to cost the industry Ecu400 ($440) a car. Page 26

Thais pick GEC-Alsthom consortium: A consortium including Anglo-French engineering group *GEC-Alsthom* has been chosen as priority bidder for the $1bn contract to build an elevated railway network for Bangkok. Page 4

IG Metall in last ditch talks: Germany's engineering employers and union leaders from IG Metall and employers met to try to prevent a strike due to begin on Monday in Lower Saxony. Page 2

Four guilty of bombing World Trade Center: Four Moslem fundamentalists were convicted of bombing New York's World Trade Center last year. Prosecutors presented 207 witnesses and 1,003 exhibits during the trial, which began in September.

German tourist shot: Gunmen wounded a German woman in southern Egypt when they shot at a Nile cruiser carrying 33 German tourists. Moslem militants claimed responsibility.

UK and Poland reach air accord: Britain and Poland agreed to resume direct flights between London and Warsaw from March 13, ending a dispute that has suspended air services between the two countries for four months. Page 2

Banks to put pressure on Walt Disney: Euro Disney's banks plan to press Walt Disney, the US entertainment company, to reduce its entitlement to royalty payments and other fees from the troubled European leisure group. Page 13

Clinton move seen as free trade setback: The US decision to reactivate its Super 301 trade law provision, opening the way for sanctions against Japan, was greeted with concern in Europe and Asia, which feared a setback to free trade. Page 26

Berlusconi football club probe: Milan magistrates are investigating alleged undeclared transfer fees paid by cup-winning AC Milan football club, owned by media magnate and aspirant politician Silvio Berlusconi. Page 2

Credit Suisse, the bank within the CS Holding financial services group, reported a 53 per cent rise in consolidated net income in 1993 to SFr1.46bn ($1.02bn) despite an 81 per cent jump in loss provisions to SFr2.8bn. Page 13

Tokyo takes tough line on aid for China: Chinese vice-premier Zhu Rongji ended a 10-day visit to Japan with promises of continued economic support from Tokyo, but a tougher line on aid. Page 3

Japan's surpluses reach record highs: Hopes that Japan's current account and trade surpluses had peaked were dashed when both reached record highs in January. Page 3

Scottish Power speeded its expansion into the English electrical goods retail market through the acquisition of 50 out-of-town superstores from the receivers of the Clydesdale Group. Page 12; Lex, Page 26

Post sell-off 'would benefit staff': Bill Cockburn, chief executive of the British Post Office, said staff would benefit if the business was privatised and able to compete internationally. Page 26

UK car registrations rise: UK new car registrations were 14.75 per cent higher last month than in February 1993, and commercial vehicle sales appear to be firmly on the mend after their steepest post-war recession. Page 6

Executive pay outstrips clerical rises: The basic pay of top UK executives has risen far more quickly than that of clerical workers since the Conservatives came to power, research by *Hay Management Consultants* shows. Page 9

Tonya Harding attacked: US figure skating champion Tonya Harding was attacked by a man in a park in her home town of Portland, Oregon. Miss Harding, involved in a police investigation into an attack on rival Nancy Kerrigan, suffered scrapes to her knees and elbows.

STOCK MARKET INDICES

FT-SE 100:	3,278.0	(+31.5)
Yield	3.65	
FT-SE Eurotrack 100	1,428.41	(+13.76)
FT-SE-A All-Share	1,653.28	(+0.8%)
Nikkei	19,966.0	(+360.14)
New York: lunchtime		
Dow Jones Ind Ave	3,841.31	(+16.89)
S&P Composite	465.80	(+2.79)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.601%
Long Bond	92 7/32
Yield	6.864%

LONDON MONEY

3-mo Interbank	5 5/16%	(same)
Liffe long gilt future:	Mar 112 7/8	(Mar 111¾)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$13.48	(13.6)

Gold

New York Comex (Apr)	$378.6	(378.3)
London	$376.6	(377.3)

STERLING

New York lunchtime:		
$	1.4885	
London:		
$	1.4893	(1.495)
DM	2.5629	(2.5546)
FFr	8.7113	(8.6868)
SFr	2.1488	(2.1415)
Y	157.244	(155.572)
£ Index	81.2	(81.1)

DOLLAR

New York lunchtime:		
DM	1.72	
FFr	5.8485	
SFr	1.442	
Y	105.63	
London:		
DM	1.7198	(1.7086)
FFr	5.8455	(5.8108)
SFr	1.4419	(1.4325)
Y	105.515	(104.065)
$ Index	66.6	(66.1)

Tokyo close Y 104.8

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Thorp N-plant given go-ahead by High Court

Ministers acted within their powers, judge says

By Michael Smith

British Nuclear Fuels won a 17-year battle to open and commission its £2.8bn Thorp reprocessing plant yesterday when the High Court dismissed a challenge that the government acted unreasonably and irrationally last December in approving its start-up.

The full commissioning of the north-west England plant, which has contracts to reprocess spent nuclear fuel from Japan and Germany but is opposed by other countries, including Ireland, will start on Monday.

Yesterday's ruling on a challenge by Greenpeace, the environmental group, and Lancashire county council, also clears the way for the government to launch its long-awaited review of the nuclear industry. Terms of reference may be published within the next month.

Although Greenpeace said the campaign against Thorp would continue, it and Lancashire council are unlikely to appeal against the ruling. That means BNF has emerged victorious from a legal battle that began in 1977 with a public inquiry in Sellafield, Cumbria, where Thorp is located.

Mr Justice Potts decided against ordering Greenpeace and Lancashire to pay BNF's legal expenses. He said it was an "unusual and indeed exceptional case of great public interest" and the two plaintiffs had won an important point of law.

That was a reference to his ruling that government lawyers had "erred in law" when they argued that ministers were not legally bound to justify the need for Thorp.

Page 10

- Nuclear review likely in wake of Thorp move
- Lobby groups left to carry green banner

In fact, the judge ruled, the question of justification had been properly considered and the court would not intervene. Even so, Greenpeace believes his ruling will help them in future nuclear cases and in the nuclear review.

The judge also emphasised the need "to properly inform the public" on matters such as Thorp.

On the main issue, Greenpeace and Lancashire argued that the government acted irrationally by not holding a second public inquiry. Without that, they said, no authorising authority could properly agree to the proposed "dramatic increases" in radioactive emissions which Greenpeace believes could result in many deaths.

Dismissing the challenge, Mr Justice Potts said Mr John Gummer, environment secretary, and Mrs Gillian Shephard, agriculture minister, had acted within their powers when they authorised BNF in December to discharge radioactive emissions from the thermal oxide reprocessing plant into the air and the Irish Sea.

Mr Justice Potts said in a 78-page judgment: "It may be thought that a minister sensible to the scale of representations . . . and the desirability of allaying public anxiety would have directed an inquiry." That was not an issue for the court.

Mr David Bonser, Thorp director, said the decision provided secure long-term jobs for 500 employees at the plant. Thorp would make a profit of about £500m in its first 10 years of operations, the company said. The decision was also welcomed by the GMB general workers' union.

Mr Chris Rose, for Greenpeace, said Thorp was a threat not only to Britain but to the safety of the world.

Dr Mahathir Mohammad insisted that sanctions would remain in force as long as the British press continued 'telling lies' — Reuter

Malaysia refuses to budge over ban on contracts

By Kieran Cooke in Kuala Lumpur and Roland Rudd in London

Malaysia yesterday refused to reconsider a ban on giving British companies government contracts.

Dr Mahathir Mohamad, the Malaysian prime minister, said that as long as the British press continued telling what he considered to be lies, his government would not alter its position.

The Foreign and Commonwealth Office, while disappointed with the Malaysian decision, said it would not be reacting. Mr Douglas Hurd, foreign secretary, had decided to let "the dust settle" before trying to re-establish contacts.

However, ministers were reported to be irritated over the Malaysians' refusal to lift their ban after the British High Commissioner in Kuala Lumpur briefed the Foreign Office on Dr Mahathir's reaction. If the ban continues the government may consider reacting, though "we are not at that point yet", said Mr Hurd.

Downing Street said Mr John Major, the British prime minister, continued to believe the Malaysian move was short-sighted and not "remotely justified".

Malaysia announced the ban last week in retaliation for what it said was "the patronising attitude and innuendoes" contained in British media reports on Malaysia. In particular the Malaysians attacked a recent report in The Sunday Times suggesting that a British construction company had discussed offering a $50,000 (£34,000) bribe to Dr Mahathir in the hope of winning a contract.

Dr Mahathir has denied knowing anything about such payments. "I am not that cheap in the first place," Dr Mahathir told a news conference last night.

Mr Andrew Neil, the editor of The Sunday Times, said yesterday: "I am disappointed that the Malaysian prime minister has

Continued on Page 26
Murdoch in Asia, Page 11
The Asian Way, Weekend Page XXVI

Markets rally on improved US jobs data

By George Graham in Washington and Our Financial Staff

A fall in US unemployment was greeted by administration officials yesterday as further evidence that the economy was set on a strong growth path.

The stock market rose in response to the better-than-expected figures which showed a 6.5 per cent unemployment rate for last month, compared with 6.7 per cent in January, in spite of fears that freezing weather would halt hiring in many sectors.

"Given the very severe weather conditions in January and February over much of the country, this shows a continuous good, steady expansion of job growth," said Mr Robert Reich, labour secretary.

By 2pm the Dow Jones industrial average was 16.89 higher at 3,841.31. The bond market fell again on the basis of the stronger-than-expected employment data. The benchmark 30-year Treasury bond was down 1/8 by lunchtime at 92 7/32 to yield 6.864 per cent.

UK equities moved up behind gains in government securities of around a full point at the long end of the scale. The FT-SE 100 Index closed 31.5 up at 3,278 on moderate volume. Leading continental bourses extended their recovery with an average gain of about 1 per cent.

Increasing confidence that European bond markets can decouple themselves from US Treasury securities underpinned hopes that UK base rates can be cut further in the near future.

UK government bonds ended the day about ¾ of a point higher. Gilts shrugged off overnight weakness in the US Treasury bond market and dropped on the US employment news at lunchtime, but then rallied. German government bonds rose by more than half a point.

The US Commerce Department said its index of leading indicators, designed to predict economic turning points six months ahead, rose 0.3 per cent in January, helped by improved consumer expectations.

Continued on Page 26
Taking stock, Page 10
London stocks, Page 17
World stocks, Page 23
Lex, Page 26

PM denies unions a voice on Bank's governing body

By Robert Taylor, Labour Correspondent

Mr John Major has refused to appoint a trade union leader as a non-executive director of the Bank of England, breaking a tradition dating from the Bank's nationalisation in 1946.

A Downing Street spokeswoman said last night the prime minister appointed Bank directors on the basis of their "individual expertise" and not to "represent other institutions".

However, the Trades Union Congress said: "The prime minister's decision means the Bank of England will now lack a voice representing ordinary working people and this will damage its credibility."

The matter will be raised in the Commons on Monday by Mr Alistair Darling, Labour's spokesman on the City of London. "It is deeply regrettable that the government has abandoned the bipartisan approach to the Bank's governing body," he said.

Over the past few weeks, Mr Eddie George, the central bank's governor, and his deputy, Mr Rupert Pennant-Rea, tried hard to persuade the prime minister to reappoint Mr Gavin Laird, general secretary of the AEEU engineering union, for a further four-year term as a non-executive director.

TRADE UNION DIRECTORS OF THE BANK OF ENGLAND

Charles Dukes (later Baron Dukeston)	1947-1949
Sir George Chester	1949
Sir Andrew Naesmith	1949-1957
Sir Alfred Roberts	1956-1963
Sir William Carron (later Baron Carron)	1963-1969
Sir Sidney Greene (later Baron Greene)	1970-1978
Sir Geoffrey Drain	1978-1986
Gavin Laird	1986-1994

Mr Laird's work as a director had impressed Mr George and his colleagues. He was appointed to the Bank's governing body in 1986 by Lady Thatcher, the prime minister of the day, with the support of Mr Nigel Lawson, then chancellor. He was given a second four-year term in 1990.

Mr Major's office told the Bank that reappointing Mr Laird for a third term would set a bad precedent. The prime minister considered another union leader as a replacement but did not appoint him. However, Sir David Scholey, chairman of SG Warburg, was appointed for a further four years although he has been a Bank director since 1981.

Mr Laird and the industrialist Sir Adrian Cadbury, the other outgoing director, will be replaced by Sir David Cooksey, chairman of the Audit Commission and Advent, a venture capital company, and Ms Sheila Masters, a partner in chartered accountant KPMG Peat Marwick and a member of the chancellor's working group on private sector finance.

The TUC never directly nominated union officials to the Bank, but it was an unwritten tradition that a union figure would serve as a director. What particularly irritates the unions is that Mr Major's decision came the week that the TUC "relaunched" itself with the aim of broadening its appeal across the party political spectrum.

Mr Stephen Dorrell, financial secretary to the Treasury, spoke to the TUC's public services conference on Thursday, the first time in many years that a Conservative minister had addressed a TUC conference. Mr David Hunt, employment secretary, has agreed to speak at a TUC employment conference in July.

But Mr Major's government has snubbed the unions before, most notably in 1992 when it decided to abolish the National Economic Development Council.

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65, Belgium BFr65; Canada C$1.40; China RMB24; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr18.00; Egypt E£5.00; Finland Fmk14, France FFr9.00; Germany DM3.50; Greece Dr350; Hong Kong HK$18; Hungary Ft185, Iceland IKr215; India Rup60; Indonesia Rp4,050; Israel NS6.90; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.80; Malta Lm0.60; Morocco Dh15.00; Nigeria Naira50.00; Netherlands Fl4.00; Norway Nkr17.00; Oman OR1.50; Pakistan Rs40; Philippines Pso 50; Poland Zl 32,000; Portugal Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.30; Slovak Rep KSL50; South Africa R12.00; Spain Pta225; Sri Lanka Rup30; Sweden SKr18.00; Switzerland SFr3.30; Taiwan NT$65; Thailand Bht50; Tunisia Din1.500; Turkey L13000; UAE Dh12.00; USA $1.25 (Alaska & Hawaii $1.75)

 No 32,309 Week No 9 — LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

UK and Poland end air dispute

By Paul Betts in London and Christopher Bobinski in Warsaw

Britain and Poland yesterday agreed to resume direct flights between London and Warsaw on March 13, ending a long-running dispute that has suspended direct air services between the two countries for the past four months.

The dispute arose when British Airways sought to add a second daily flight on the London to Warsaw route. Although the UK flag carrier said it was entitled to double its weekly flights under the 1988 aviation agreement between the two countries, Poland rejected the plan. The UK government retaliated by banning the London services of Poland's national carrier, LOT.

Under yesterday's agreement the two carriers will each be able to offer nine flights a week from March 13. This will increase to 12 flights a week during the summer season, which starts on March 27 and runs until November, and then drop back to 10 flights a week during the winter season.

The compromise agreement includes a mechanism to increase the number of services next winter if there is sufficient passenger demand.

Mr Zbigniew Kiszczak, deputy president of LOT, said the agreement was "a clear Polish success". The airline was happy to have preserved the principle of "parity and equal benefits" in the talks.

The Poles were especially pleased to have wrung agreement from BA on having the additional British morning flights leave Warsaw in the late morning, arriving in London too late to catch a transatlantic connection.

LOT's fears that it would lose passengers on its direct flight to Chicago to BA have been at the root of the dispute, which cost the carrier $1m (£675,600) in revenue. Since the dispute began LOT has seen a 17 per cent rise in passengers on its transatlantic flights.

Following suspension of direct air services, travellers between London and Warsaw have been forced to fly via a third country, more than doubling the journey time.

Engineering union issues list of companies to be hit first

IG Metall in last-ditch strike talks

By Quentin Peel in Hanover

Full-scale negotiations between Germany's engineering workers and employers were launched last night in an attempt to head off what would be the industry's most serious strike for a decade.

Leaders of IG Metall, the engineering trade union, agreed to the talks yesterday morning, but also gave the go-ahead for strike action to begin at 6am on Monday.

The union's regional headquarters in Hanover also issued a list of 22 companies, involving some 11,000 workers, which will be first hit by strike action in the state of Lower Saxony. Top of the list are the Man bus plant in Salzgitter, and Linke-Hofmann-Busch, the Preussag subsidiary which manufactures wagons for Germany's ICE high-speed train.

Mr Klaus Zwickel, IG Metall leader, said the union would take every opportunity to avoid a strike, but he expressed doubts that the latest round of talks would lead to an acceptable wage compromise at the last minute.

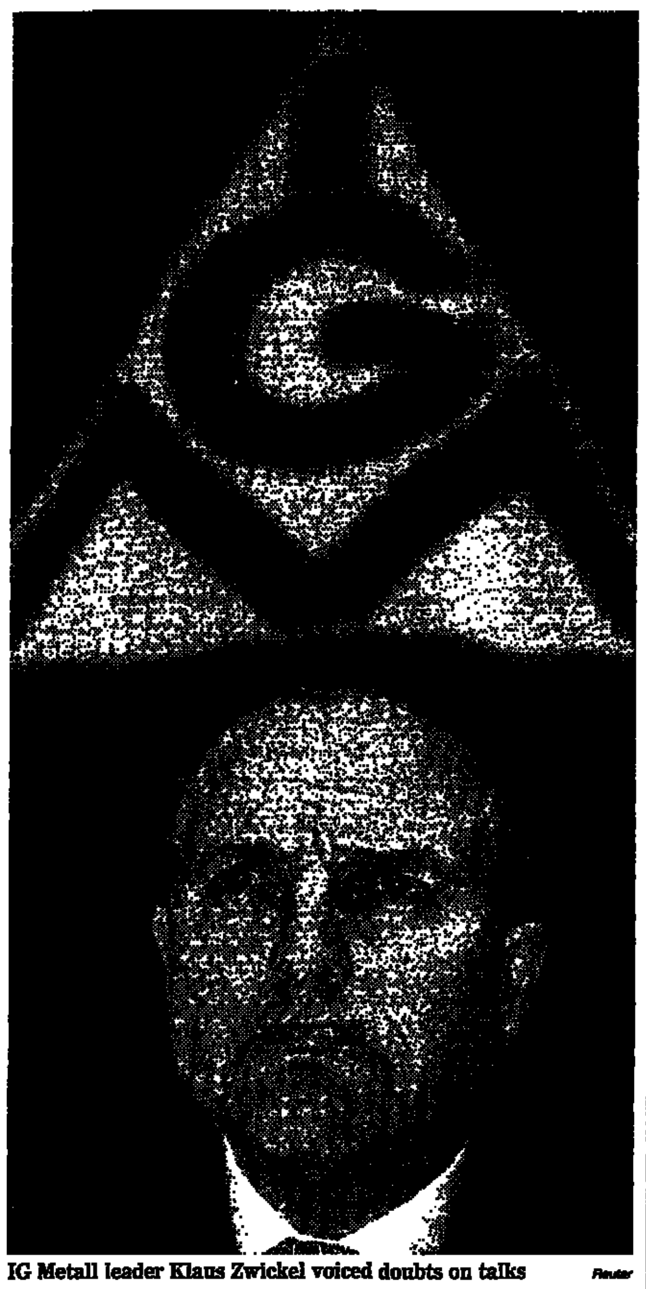
However, he added that IG Metall would "leave no stone unturned to try to keep the engineering workers out of an all-out conflict".

He blamed the employers for the current impasse, saying they had refused to abandon their "unacceptable positions" throughout the negotiations.

Gesamtmetall, the employers' national federation, is calling for real cost cuts from the pay round, and has served notice of cancellation of the existing contract on holiday bonuses – which has most incensed the workers.

As a result, the Lower Saxony engineering workers voted by a hefty 92.2 per cent in favour of strike action in a ballot this week. Nonetheless, the union is aware that in a steep recession, with rising unemployment, its position is weak.

No big suppliers to the German motor industry are involved, although they amount to 40 per cent of the engineering employers in Lower Saxony. Apart from Man and Linke-Hofmann-Busch, other companies targeted include two Mannesmann subsidiaries, Kabelmetal, and Otis escalators.



IG Metall leader Klaus Zwickel voiced doubts on talks Reuter

Berlusconi football club in probe

By Robert Graham in Rome

Milan magistrates are investigating alleged undeclared transfer fees paid by the cup-winning AC Milan football club, owned by media magnate and aspiring politician Mr Silvio Berlusconi.

Their investigations centre on the 1992 transfer from Turin to AC Milan of the highest paid Italian footballer, Gigi Lentini. Lentini was questioned this week about his transfer payment publicly, said to be at least L22bn (£8.91m), and allegations from his old Turin club that up to L6.5bn was not declared.

The transfer of Lentini is already under investigation by Turin magistrates who last year arrested the former Turin chairman, Mr Gian Mauro Borsano, on charges of accepting alleged illicit payments over player transfers. However, the involvement of Milan magistrates has taken the case a stage further and focuses the spotlight on the activities of AC Milan itself.

According to well-publicised leaks from Milan magistrates, Mr Borsano is alleged to have confessed to receiving L6.5bn from AC Milan to facilitate Lentini's transfer. Of this, L5bn, he alleged, came from a Liechtenstein bank. He is also said to have confessed to illicitly pledging Turin club shares with its AC Milan competitor for three months as a guarantee that Lentini would be transferred.

Mr Adriano Galliani, AC Milan director, has brushed aside the investigation.

In a separate development Turin magistrates have arrested two French citizens, Mr Roger Flamant and Mr Maurice Bansay, respectively chairman and managing director of the French retail group Trema, on corruption charges related to the development of a huge shopping mall, Le Gru.

This is believed to be the first time foreign nationals have been arrested in Italy during corruption investigations.

The Trema group has developed the Le Gru complex in a 60/40 venture with Euromercato, part of the Standa group controlled by Mr Berlusconi's Fininvest empire. The two French executives are alleged to have paid about L1.5bn to political parties to help obtain the licence for the project.

Although both had previously offered to co-operate with the magistrates, they were arrested following suspicions they were tampering with the inquiry.

Yeltsin tries to steer a middle course

By John Lloyd in Moscow

President Boris Yeltsin of Russia yesterday called for "stability, order and co-operation" in an attempt to calm growing tension in the country. His call signalled that radical economic reform was even more unlikely in the immediate future.

His speech to government, party and regional leaders, and a later one by Mr Victor Chernomyrdin, the prime minister, proposed a strategy balanced between macroeconomic controls and industrial support to try to stem falling production and avoid "reform at any price".

The two men ended up, however, calling for quite different year-end inflation targets – with Mr Yeltsin insisting that the former target of 5 per cent a month by the end of 1994 still stood, and Mr Chernomyrdin proposing a much looser 7-9 per cent.

The International Monetary Fund, whose team returns next week for further talks on releasing a further tranche of $1.5bn, has insisted on 5 per cent. Finance ministers of the Group of Seven industrialised countries meeting in Frankfurt last weekend backed strict IMF conditionality – a move which appears to make remote any further IMF assistance in the near future.

The annual budget, passed in principle by the government on Thursday, envisages a deficit of Rbs61,000bn, or 10.2 per cent of GNP – compared with a claimed deficit in 1993 of 10.7 per cent of GNP. Though hailed by western financial observers in Moscow yesterday as relatively brave, it is also being greeted as merely an opening salvo in a process of bargaining over credits which has already begun with large sums being demanded by the agricultural sector.

Mr Yeltsin, who referred to the amnesty of the parliamentary rebels – former vice-president Mr Alexander Rutskoi and parliamentary speaker Mr Ruslan Khasbulatov – as a decision which "seriously violated the constitution, the law and moral standards", nevertheless proposed to the parliamentarians a "memorandum for civic peace". He views this as a document which would bind the parties to "responsibility" for their actions – though in what way is as yet unclear.

In their speeches, both Mr Yeltsin and Mr Chernomyrdin preserved many reformist elements – and the prime minister even allowed himself to shout at Mr Victor Gerashchenko, the central bank chairman and an ally, for weakening the state by handing out credits with too liberal a hand.

> 'Russians will never forgive us if we leave them with a weak country'

"Future Russian generations will never forgive us if we leave them with a weak country," he retorted to Mr Gerashchenko's contention that inflation was a lesser evil than mass unemployment.

Mr Gerashchenko said that choosing to fight inflation meant mass redundancies – while support for industry meant higher inflation.

Mr Sergei Dubinin, the acting finance minister, however, said that inflation had come down from 22 per cent in January to 13-15 per cent this month – and that the government would now follow a centrist course, avoiding shocks and pushing enterprises "gradually" to the market.

Mr Chernomyrdin said that a law on bankruptcies would have to be adopted and said that his government would tread on a "razor's edge" between rising inflation and falling production. However, the substance of his speech was to commend moderate reform – and was greeted by Mr Sergei Glaziev, a former trade minister and strong critic of the radical reformers, as laying the basis for consensus between the government and the parliamentary majority.

Mr Yegor Gaidar, the former first deputy prime minister and leader of the liberal Russia's Choice political party, said Mr Chernomyrdin's journey along the razor's edge was unnecessary. "There is no such dilemma. Economic decline is by and large caused by our failure to adhere to tough monetary policies."

Martin Wolf adds: Boris Fyodorov, Russia's tough former finance minister, said in London that if the west were to start pouring money into Russia now, it would be a great mistake. "Money must be given not on promises, but on deeds," he insisted.

The IMF and finance ministers of the Group of Seven leading industrial countries should wait to see first what budget was adopted and then whether the government managed at least three months of sound financial policies.

Mr Fyodorov admitted that the government's financial policy had been more restrictive than previously, but only because it had demonstrated "total inaction in the last two months". Meanwhile, the central bank "had become much more monetarist", since his departure from the ministry. This was mainly because Mr Gerashchenko did not want to take responsibility for credit expansion, but wished to be commanded by government.

This inaction would not last, argued Mr Fyodorov. "Inflation may accelerate to 30 per cent a month by the autumn," he forecast, far above the targeted level of 10 per cent. At that point, he argued, Mr Yeltsin, who was trying to distance himself at present, would feel obliged to intervene.

Estonia pullout pledge

Moscow yesterday confirmed its intention to pull out troops from Estonia by the agreed date of August 31 – but only if a dispute over the fate of 10,000 Russian military veterans were settled to its satisfaction, writes John Lloyd.

On Wednesday Russia had said it did not intend to stand by its promise to pull out the 2,600 troops.

Estonia has so far been determined not to pay social security to the army pensioners. It claims most of them are not – as Moscow says – elderly, but are young/middle-aged ex-counterintelligence or airborne troops who pose a security threat to the state.

Sweden and Denmark have come out strongly in support of a pullout by August 31. Denmark's Foreign Ministry said yesterday that it planned to raise the issue with its European Union partners in talks next week.

Curbs on foreign banks may ease

By John Lloyd

Prospects for relaxation of the tight rules governing foreign banks in Russia appear to have improved following talks with the authorities and foreign bankers.

Mr Victor Chernomyrdin, the Russian prime minister, yesterday told a meeting of government ministers and party leaders: "I think life will force us to take a new approach towards competition with foreign banks. Hothouse conditions do not seem good for our bankers."

A decree issued last year permits a few foreign banks to operate under tight restrictions; it limits foreign banks to handling accounts of non-residents only – cutting out the growing Russian business and personal market as well as joint ventures.

Foreign bankers believe their lobbying for a more liberal regime has been paying off, and that Mr Chernomyrdin's remarks may herald more banks entering the arena or existing banks taking a wider spread of clients.

The licences issued by the central bank to all but one of the banks allow all types of transactions – but the decree tightly limits them.

Russian banks are small by international standards and offer a limited range of services with an emphasis on money trading in preference to investment banking. They fear the unrestricted entry of large western institutions would hit their market.

Only four banks – Bank of Austria, Citibank, Credit Lyonnais and Banque Nationale de Paris/Dresdner Bank – have opened branches. Eight more – Chase Manhattan, Internationale Nederlanden Bank, ABN-Amro, Crédit Suisse, Société Générale, Bank of China and two Turkish-Russian joint venture banks – have received licences but their branches have not yet opened.

UN commander sounds alarm on Bosnia troops

By Judy Dempsey

General Sir Michael Rose, commander of United Nations forces in Bosnia, yesterday stepped up his pleas for more ground troops in Bosnia as western governments continued to debate the military aims of sending in more ground forces.

Gen Rose and his officers, who are increasingly concerned that the fragile ceasefire will gradually break down, warned that "there are people who are prepared to go back to war".

"We are already strained and the thing will get more difficult as we go ahead," he said in Vitez, headquarters of the British forces. "All you need is one group opening fire for one reason or another, and of course everyone starts to become nervous."

A British Ministry of Defence official in London said that growing reluctance by western governments to send more ground troops would be "simply exploited by [the Bosnian Serb, Croat and Moslem] commanders on the ground. Our hesitation will be perceived as weakness and indecisiveness," he said.

The UN High Commissioner for Refugees said yesterday that Serb militia were raping and killing citizens in the northern city of Banja Luka.

No country has yet said it will unreservedly send more troops in response to a request by Mr Yasushi Akashi, the UN's special envoy to the former Yugoslavia. Mr Akashi called for at least 4,000 troops for the Bosnian capital of Sarajevo, and a further 6,000 – a conservative estimate according to military strategists – to shore up the ceasefire in Bosnia.

"We do not know how long we have to stay, and we still do not know what our goal and mandate is," a UK official said.

Britain already has 2,500 troops in Bosnia.

The French Defence Ministry is considering a "roll-over" policy. Troops, due to replace those on the ground, might be sent earlier to complement them. "It would be a great help if this was the case, but it would be a temporary solution," a UN official in Zagreb said.

In Washington there are few signs the Clinton administration, Congress or the public will support sending troops before any overall peace settlement is in place.

● Michael Littlejohns, UN Correspondent in New York, adds: The UN Security Council moved last night to approve a plan to break the siege of Sarajevo and restore "normal life" there.

Its resolution requests freedom of movement for civilians in the city and unhindered relief deliveries. The UN would appoint a senior official to plan the restoration of essential services and to administer an international trust fund.

Benelux warning on votes hurdle to EU enlargement

By David Gardner in Brussels

Belgium, the Netherlands and Luxembourg have warned their European Union partners they will not be able to get their parliaments to admit four new EU members if Britain and Spain insist on the same voting rules of a Europe of 12 for a union of 16 countries.

Sweden, Finland and Austria agreed on Tuesday the terms on which they will enter the EU next January. The Union resumes membership negotiations tomorrow with Norway, which is holding out for special treatment in sensitive areas such as fisheries resources.

But the issue of the so-called "blocking minority" – the number of votes needed to block legislation in the EU's Council of Ministers – could decide whether the enlargement goes ahead at all. The British and, with nuances, the Spanish want to keep the existing value of their votes in the qualified majority voting system. Under this system, which allocates votes in the Council according to the size of states, two large states and one small one can combine their votes to block the rest.

Foreign ministers of the 12 must resolve the voting controversy when they meet in Brussels on Monday and Tuesday.

By Thursday the European Parliament will decide whether to proceed with its mandatory ratification of the accession treaty in time for the newcomers to enter in January. The parliament has said it will not go ahead if the voting rules stay as they are.

The four newcomers will have difficulty selling EU membership to their citizens in referendums each has pledged to hold this year. But now the voting dispute has raised a new obstacle at the level of national parliaments – all of which have to endorse the wider Union.

Tansu Çiller: legal moves

Radical MPs held in Turkey

By John Murray Brown in Ankara

Five Turkish MPs representing the radical Kurdish-based Democracy party were arrested yesterday as they left Turkey's National Assembly after a vote on Wednesday stripped them of their parliamentary immunity.

They face the death penalty for espousing the Kurdish cause.

With rebels of the Kurdish Workers' party (PKK) fighting an increasingly bloody war of independence in south-east Turkey, legal moves in Ankara against the region's MPs will further alienate the Kurdish community.

Parliament's decision, expected for some months, followed a motion submitted by the True Path party of Prime Minister Tansu Çiller. However, the timing was clearly to coincide with local elections on March 27, where a hardline stance towards the Kurds is expected to be a vote winner.

According to the public prosecutor's submission to parliament, seven Kurdish deputies – two were arrested on Wednesday – have been charged with making separatist propaganda in speeches in Turkey and abroad. One deputy also faces charges of harbouring an alleged Kurdish guerrilla, although the case against the guerrilla has been dropped through lack of evidence.

Parliament has also voted to remove the immunity of a deputy of the Moslem-backed Refah party for slandering Turkey's founder, Mustafa Kemal Ataturk, and threatening the secular nature of the state.

Last night one of the MPs was released; the others had still not been formally charged. Appeals were lodged with the Constitutional Court, which has 15 days to decide on the legality of parliament's action.

To many observers the deputies' seizure by anti-terrorist police, after they had taking refuge for two nights in the assembly's corridors, provide a reminder of state powers to curb the freedom of speech in Turkey, which is seeking membership of the European Union.

European governments are unlikely to issue a formal protest until the appeals process had been exhausted.

When elected to parliament on the Social Democratic ticket in 1991, the Kurdish deputies, originally 18 in number, were seen as a potential informal channel between the government and the rebels. But the party was quickly branded as a PKK mouthpiece and since then DEP members have faced widespread intimidation. One MP was killed last year, and a number of local party officials have been killed in the region.

With municipal elections approaching, a stand off is developing between Turkey's two main communities. Last week the DEP announced it would not field candidates for the elections, after bomb attacks on their offices. The PKK has also threatened to target all candidates and voters.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 5964481. Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David G.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621. Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

New highs for Tokyo's trade and current account surpluses

Japan surplus hopes dashed

By Paul Abrahams in Tokyo

Hopes that Japan's current account and trade surpluses had peaked were dashed yesterday when both recorded record highs in January.

The finance ministry announced that the country's balance of trade in goods and services had increased by 30.9 per cent in dollar terms during January compared with the same month last year.

In yen terms, the current account surplus increased for the first time in six months, up 16.8 per cent to Y761.7bn.

The ministry attempted to play down the increase, pointing out that January's figures tended to be volatile because of holidays and that there had been an additional day of business this year.

The current account surplus reached a record $6.83bn before seasonal adjustments. Exports rose 6.9 per cent to $25.36bn, while imports increased only 3.3 per cent to $17.09bn.

The surplus had fallen in November last year by 20.6 per cent, but rose the following month.

Meanwhile, Japan's contentious trade surplus - excluding services - rose 15.1 per cent to a record $8.26bn during January. The figures were inflated by the falling value of the dollar. However, the surplus widened even in yen terms, up 2.7 per cent to Y921.5bn.

The upward trend continued during the first 20 days of February. The trade surplus increased 1.4 per cent to Y731.2bn compared with the same period last year, said the ministry. Exports fell 7.5 per cent to Y2,134bn, while imports fell 11.5 per cent to Y1,402bn.

In dollar terms the trade surplus increased over the same period by 15.4 per cent to $6.674bn. Exports rose 5 per cent to $19.4bn, while imports increased 0.3 per cent to $12.7bn.

Presenting the government's budget yesterday, Mr Morihiro Hosokawa, the Japanese prime minister, predicted the trade surplus would fall from Y15.400bn ($142bn) to Y15,000bn ($136bn). The current account surplus would also shrink, down from Y14,400bn to Y13,800bn ($125bn), Mr Hosokawa said.

China MFN chances weakened

By George Graham in Washington

China's arrest of a prominent dissident yesterday cast a shadow over the visit to Beijing next week by Mr Warren Christopher, the US Secretary of State, and further weakened the chances that the US will extend China's most favoured nation trading privileges.

Mr Wei Jingsheng, who was released last September after 14 years in prison, was detained yesterday after meeting with the US's top human rights envoy and just one week before Mr Christopher's arrival.

Chinese officials also confirmed the detention of three other dissidents.

The State Department refused to make any immediate comment on the arrest of Mr Wei, who was a leader of the Democracy Wall movement in 1978-79 and is probably the Chinese dissident who is best known outside China.

President Bill Clinton last year extended China's MFN status for one year, on condition that it meet US demands for free emigration, put an end to the use of prison labour in exported goods, and make progress in other areas such as the release of political prisoners, the protection of Tibetan culture and allowing outside radio broadcasts.

While Clinton administration officials have indicated some encouragement at the steps the Chinese government was taking, they have also repeatedly warned that China has not yet done enough to fend off revocation of MFN in June.

"There already has been some progress in recent months. There has got to be more, and this is going to have to involve actions as well as pledges," said Mr Winston Lord, assistant secretary of state for East Asian affairs.

Mr John Shattuck, the State Department's human rights envoy, met last week with Mr Wei, whose arrest appeared to come in response to his comments to Mr Shattuck on the need for the US to maintain a tough line on human rights.

Before leaving China for Hong Kong yesterday Mr Shattuck said he was disturbed by the reports of new detentions, and again called on the Chinese government "to release those who have been incarcerated solely for the peaceful expression of their views."

US officials accompanying Mr Shattuck had earlier been encouraged by hints that China was considering abolishing the law against "counter-revolution" under which most political dissidents have been imprisoned.

Tokyo aid conditional, Zhu told

By William Dawkins in Tokyo

Mr Zhu Rongji, Chinese vice premier, yesterday ended a 10-day visit to Japan, with promises of continued economic support from Tokyo, but a tougher line on aid.

Mr Tsutomu Hata, Japanese foreign minister, told Mr Zhu, the architect of Chinese economic policy, that the size and terms of Japan's next package of official yen loans would be conditional on Beijing's efforts to produce environmental projects and clearer information on military spending. Japan's current five-year Chinese aid package, worth Y810bn, runs out in 1995 and is to be succeeded, on Tokyo's insistence, by two shorter term packages of two and three years.

Japan's switch to making aid to China more conditional is line with a new directness in Tokyo's attitude to China, especially on human rights, defence spending and pollution. "We are looking for a more mature relationship," said a foreign ministry official.

However, Japan is eager to support China's economic reforms and maintain good relations with this increasingly powerful neighbour. As evidence of the seriousness with which it views its China ties, Mr Morihiro Hosokawa, the Japanese prime minister is to visit Beijing on March 19.

The economic stakes are high. China is the fastest growing destination for Japanese foreign investment, with 490 projects worth $1.07bn in 1992, nearly double the $579m in the previous year, according to the finance ministry. To this, Japanese businesses added another $695bn (£476bn) in the six months to last September.

Mr Zhu, who met 240 senior executives during his visit, is widely seen in Japan as a guarantor of Chinese economic stability and of the safety of Japanese investment there. Trade is also growing fast, so that Japan last year became China's biggest trading ally - with two-way trade worth $37.8bn - and China became Japan's second largest commercial partner after the US.

Prime minister Morihiro Hosokawa checks the text for foreign minister Tsutomu Hata in preparation for their policy speeches at the Diet yesterday Associated Press

Reforms that sunk two premiers passed

By William Dawkins in Tokyo

Japanese political history was unobtrusively made yesterday when plans for the most radical change to the political and electoral system in post-war years became law.

Revisions to four political reform acts were approved without debate by the upper house of parliament, spelling the end of Japan's unique multi-seat constituency system, held to be a big factor in fostering the corruption which has discredited Japanese politics in recent years.

This brings to an end a five-year struggle, which brought the downfall of two governments, caused the end of 38 years of Liberal Democratic Party rule last summer, and then nearly killed the new coalition government of Mr Morihiro Hosokawa.

The plans had to be revised after the upper house voted against them in January, forcing Mr Hosokawa to agree a watered down version with the LDP.

Japan's new political laws stipulate that the lower house, the more powerful of the two chambers, must have 500 seats – down from the present 511 – of which 300 will be chosen from single seat constituencies and 200 by proportional representation. The upper house is chosen through the same mixed voting system.

Corporate donations will not be banned, as Mr Hosokawa had originally wanted. Instead, companies will be allowed to donate Y500,000 per year to politicians and fund raising organisations.

The next stage will be for an independent panel to draw up the new parliamentary constituency boundaries. This is politically sensitive because many politicians will have to rebuild support from scratch in new constituencies as a result. New boundaries are expected to take between six and nine months to prepare, paving the way for a general election under the new system by next autumn at the earliest.

● John Burton adds from Seoul: The South Korean parliament yesterday passed political reform legislation meant to reduce corruption in election campaigns.

The new election law is the latest measure by President Kim Young-sam to end corruption among politicians and bureaucrats.

Lower spending limits will be imposed on candidates, including won 22.5bn (£18.6m) for presidential campaigns and won 53m for parliamentary elections. An election will be nullified if a candidate exceeds the campaign spending limit. Government subsidies to political parties will also be increased to reduce the dependence of candidates on outside contributions.

The use of campaign donations to bribe political candidates has been a common feature of South Korean elections.

US set to retaliate in French fish trade dispute

By Nancy Dunne in Washington

The US is expected to act swiftly in ordering inspection system delays of French exports in a tit-for-tat trade dispute over US fresh fish exports.

US fisheries say that since February 5, France has blocked fish, shipped in by air, by instituting a cumbersome inspection and testing regime and other paperwork requirements.

Exporters have sought to get around the blockade at French airports by air freighting their products to other European destinations and trucking it into France. However, they have been warned that this fish too will now be seized for inspection.

A spokesman for the National Fisheries Institute said trade officials have promised decisive action quickly under an emergency provision of US trade law. They said the retaliation is likely to mirror the French actions, with increased inspections of French products like wine and cheese. The option of levying import duties remains viable.

The US has drawn up a list of products for retaliation. A decision by Mr Mickey Kantor, the US trade representative, and President Carter is said to be imminent.

The French government is said to be responding to strikes and violent protests by its fishermen against cheap imports. It has offered to lift the inspections but has yet to act.

US officials said a communication received Wednesday from France was considered "non-responsive".

Because so many of their traditional fish species are "fished out," US fishermen had begun exporting "under-utilised" species - like skate and dogfish - which are not popular in the US. Millions of dollars worth have been left rotting in French storehouses.

NEWS: INTERNATIONAL

Middle East peace process on the rack

The Hebron massacre has left PLO leaders enfeebled and put the talks with Israel in jeopardy, reports Mark Nicholson

In public the leaders of the Palestine Liberation Organisation in Tunis this week have expressed deep anxiety over the prospects of salvaging the peace process in the aftermath of the Hebron massacre. In private Mr Yassir Arafat, the PLO chairman, and his close lieutenants are near to desperation.

Not since Mr Arafat's famous White House handshake with Mr Yitzhak Rabin, the Israeli prime minister, to seal the outline accord on Palestinian self-rule and Israeli withdrawal from Gaza and Jericho, has the credibility of that deal looked in greater jeopardy. Neither, in the eyes of Mr Arafat's rioting constituency in the occupied territories, has that of the Tunis-based PLO leadership who negotiated that deal in secret Oslo talks.

Mr Arafat will not have needed the television pictures of Palestinian militants burning his effigy last week to impress on him the gravity of the threat to his already waning authority within the territories. Several PLO leaders in Tunis also received threats to their lives from Palestinian groups this week.

But the uncomfortable truth for Mr Arafat and his colleagues is that, from their distant villas in suburban Tunis, they see little they can do to inject any impetus to the peace process.

The Palestinian negotiators of the Oslo accord say they cannot hope for the minimum popular support for resumed talks without, at the very least, more substantial guarantees for the protection of Palestinians from militant settlers than Israel has so far offered. For this, they are depending upon the unlikely prospect of these being volunteered by the Rabin government, or perhaps forced upon it by international and, specifically, US pressure.

Palestinian support for the Oslo accord, and for Mr Arafat himself, were diminishing fast enough in the territories before the Hebron massacre. Twelve weeks have passed since the supposed deadline for the start of an Israeli withdrawal from Gaza and Jericho without the PLO leadership having anything to show for it on the ground.

Even the ever-optimistic Mr Nabil Shaath, the chief PLO negotiator in the Gaza-Jericho talks, felt that three more painstaking weeks of talks were in prospect to complete the deal before the Hebron killings landmined the process.

Since Hebron, PLO leaders now speak of the situation in the territories as "explosive" and "volcanic". According to Mr Ahmad Quorieh (Abu Ala), one of the negotiators and most ardent proponents of the Oslo deal, "the seeds of a real conflict have been sown". The PLO leadership in Tunis is watching with horror the potential for a renewed, full-blooded – and for them uncontrollable – intifada (uprising), and one largely founded on frustration with their efforts.

Senior PLO officials see no way out of the crisis other than by politically acceptable measures from Israel, a return to negotiations on the Gaza-Jericho accord, and its swift implementation. "That accord will be enough if the Israelis begin to take real measures that people can see," says Mr Quorieh, who also warns that the whole process may be at stake if the original April 13 deadline for withdrawal is missed.

And although some PLO leaders said this week that these talks can only resume if Israel begins to discuss the future of the settlements in the occupied territories – which is unlikely – they have in fact set far more modest "requirements" for returning to the peace table. These are an "international presence" to ensure security for Palestinians and "further" disarming of militant settlers than Mr Rabin has offered.

PLO officials say they cannot believe these gestures are beyond the Israeli cabinet's ability to deliver. "Both we and the Israelis took a risk when we entered into this process," says Mr Abed Rabbo. "We have to take a risk now."

In fact, the PLO is also taking a risk with what it considers the modesty of its "requirements". PLO leaders express the hope, rather than any firm conviction, that if they are met and talks resumed, this might be enough to quell the anger in the territories. But as one Tunis-based diplomat puts it: "How much cheer will the people in the territories get from seeing the resumption of talks, when all they've seen from them is delays?"

If the Gaza-Jericho talks can somehow be hauled back on track, the premium will be upon concluding them rapidly. But this will be difficult. Not only is there much to resolve in the security talks – Israeli officials have not been as optimistic as Mr Shaath in this respect – but parallel talks in Paris on the economic aspects of self-rule are much further from resolution.

In addition, diplomats in Tunis seriously doubt whether the PLO would be ready by April 13 to assume their responsibilities after an Israeli withdrawal. A Palestinian police force is far from readiness, committees and administrators remain to be named. And while the post-Hebron crisis commands the full attention of Mr Arafat and his small coterie of trusted leaders, decisions on these and a host of other matters are being further delayed.

In the meantime, the PLO leadership can only lobby and hope that the political mood in the occupied territories does not spin irrecoverably out of their control. For the moment, neither Mr Arafat nor the other executive committee members of the PLO sound optimistic.

Three weeks ago the PLO chairman said he thought the peace process was losing credibility. This week, asked whether Palestinians would back him if he simply decided to resume the peace talks in the absence of further concessions, he replied: "No, frankly. No. Because the peace process has lost credibility."

Mr Arafat knows his own credibility in the territories is also now in the gravest doubt. And barely anyone believes the present fragile peace process could survive the final loss of that.

Yassir Arafat: close to desperation as his credibility fades

Anglo-French group to enter negotiations to build $1bn rail network in Bangkok

Thais pick GEC-Alsthom consortium

By Victor Mallet in Bangkok

The company planning to build a $1bn (£600m) elevated railway network for Bangkok announced yesterday that it had chosen a consortium including GEC-Alsthom, the Anglo-French engineering group, as priority bidder for the turnkey construction contract.

Mr Kasame Chatikavanij, chairman of Bangkok Transit System Corp (BTSC), said he was confident that construction of the system could start "within the next few weeks".

Details of the turnkey contract must be negotiated within one month, and if the talks fail BTSC can approach the other three consortia; one is led by Siemens, one by Itochu and the other by Mitsui.

The contract price for building the 24km system is expected to be about Bt26bn (£690m), while the total project cost up to the time trains are supposed to start running in early 1997 is put at Bt37bn.

Executives of BTSC – a subsidiary of the Thai property group Tanayong which was awarded a 30-year "build-operate-transfer" concession by the Bangkok authorities – insisted there would be no problem with financing the deal, in spite of protests by international bankers over the the Thai government's handling of a separate $1bn project to build an elevated motorway.

"We have more than 100 per cent coverage of the total project cost requirements," said Mr Edward Chow, BTSC chief financial officer. "We are in a chooser's position rather than in a worried position."

Between a quarter and a third of the cost will be covered by equity. Tanayong has also raised $130m through a convertible eurobond issue, and expects to launch a baht debenture on the Thai stock market worth another $100m. The International Finance Corporation is also expected to help fund the project.

The construction consortium will procure supplier credits covering its costs. Paribas is leading a group of banks backing GEC-Alsthom's bid. The consortium also includes Italian-Thai Corp, a Thai construction company.

BTSC and GEC-Alsthom directors dismissed fears that the project would not be able to pay for itself, arguing that there was great suppressed demand for a mass transit system in a city as large and as congested as Bangkok.

Inkatha decides to register for all-race elections

By Patti Waldmeir in Johannesburg

Chief Mangosuthu Buthelezi, the conservative Zulu leader, last night sent an envoy to Johannesburg to register his Inkatha Freedom party for South Africa's first all-race elections, but other right-wing leaders said they would not register before the midnight deadline.

After a frantic day of bilateral meetings between African National Congress officials and leaders of right wing groups, the right was in disarray and insisting on an extension of the midnight cut-off to allow it to take a final decision.

Mr Ferdi Hartzenberg, leader of the hard-right Conservative party, said his party would not register, but he was under heavy pressure from younger CP members of parliament and Gen Constand Viljoen, the more moderate Afrikaner Volksfront leader, who are believed to wish to enroll for the poll. The CP may split if Mr Hartzenberg continues to insist on a boycott.

Officials of the Afrikaner Volksfront and the conservative Bophuthatswana black homeland said both groups would register if the deadline was extended, but this was ruled out by the Independent Electoral Commission.

Still, politicians might intervene to allow a change in the date for registration if they believe this would tempt more moderate conservatives to enter the poll, and split the right wing alliance.

Inkatha's decision to register was hedged with conditions. Chief Buthelezi said the move was "provisional" and did not necessarily mean it would take part in the poll.

After a six-hour meeting the party's central committee passed a resolution rejecting the constitution. Chief Buthelezi said he would only begin electioneering once there had been international mediation of South Africa's constitutional dispute.

The ANC and Inkatha have agreed to this in principle, but battles lie ahead over who the mediators should be and whether mediation should be binding. The constitutional gap between Inkatha and the ANC remains large, and mediation is likely to yield a positive result only if one or the other side is prepared substantially to abandon its demands.

ANC woos top businessmen

By Matthew Curtin in Johannesburg

The African National Congress's determination to engage the South African business community in the task of reconstruction and development has stepped up a gear with an appeal for co-operation with the private sector by Mr Tokyo Sexwale, who is expected to head the country's most powerful industrial region after next month's elections.

Mr Sexwale, top of the ANC's list of provincial candidates, told a meeting of 44 prominent businessmen that the Pretoria-Johannesburg area, where he would be in charge, was "the engine room" of the South African economy. "If I put one foot wrong I'll sink it. We don't want your votes, we want your wisdom."

He warned the audience – which included Mr Sol Kerzner, chairman of the Sun International gambling and casino empire and Mr Clem Sunter, chairman of Anglo American's gold division – that it was essential for ordinary South Africans to be given a far bigger stake in the economy. "If you give them politics, a flag... and you think that's change, you are merely preparing for a second, more deadly, revolution," he said.

It was also vital for South Africa to become competitive internationally for fear of being "eaten for breakfast" by Pacific Rim countries. The meeting was the first in a series of provincial ANC business leadership forums and was followed by a closed discussion session where debate drew a warm response from businessmen. "If the previous government had done the same thing we would be much better off today," said Mr Dorian Wharton-Hood, vice-chairman of assurer Liberty Life.

Mr Sexwale's comments come amid growing concern from some quarters that the business community has not done enough to voice its vision of economic development and has failed to table an industrial strategy of its own.

NEWS IN BRIEF

Moslems guilty of New York bombing

A New York jury yesterday found four Moslem fundamentalists guilty of bombing the World Trade Center last year, in which six people died, Reuter reports from New York. Mohammad Salameh, Nidal Ayyad, Mahmud Abouhalima and Ahmad Ajaj were charged with conspiracy and 10 other counts.

Germans want to ban British meat

German health minister Mr Horst Seehofer wants European Union agriculture ministers to ban British livestock and beef imports because of the dangers of "Mad Cow disease", Reuter reports from Bonn. If a special meeting of the EU ministers fails to agree an immediate ban, Germany will impose restrictions.

Le Monde appoints editor

Mr Jean-Marie Colombani was yesterday appointed publishing director of Le Monde, the influential French daily newspaper, following the resignation of Mr Pierre Lescoure after a row over his cost cutting plans, writes Alice Rawsthorn in Paris. Mr Colombani, 45, the newspaper's editorial director, faces a tough task in returning the paper to profit.

Zambian airline near collapse

Zambia Airways, the national airline, is virtually bankrupt and may have to close, Mr William Harrington, transport minister, told parliament, Reuter reports from Lusaka. He said it owed $45.5m.

Hungary purges state radio

Hungary's government yesterday reinforced its grip on broadcasting in advance of parliamentary elections on May 8 which polls say the conservative coalition will lose, writes Nicholas Denton in Budapest.

Mexico and Costa Rica end tariffs

Mexico and Costa Rica have signed a free trade accord after three years of negotiations, writes David Scanlan in San José.

New car registrations surge by 14.75%

By John Griffiths

The government's insistence that economic recovery is on course received a boost yesterday from statistics showing a further surge in new car registrations.

Registrations were 14.75 per cent higher last month than in February last year and commercial vehicle sales appear to be firmly on the mend after their steepest post-war recession.

In another positive development, the statistics, issued by the Society of Motor Manufacturers and Traders, indicate that there has been no slump in diesel car sales following a government-commissioned report, published in January, which said there should be "concern" about the long-term urban pollution effects of a rising population of diesel cars.

The total new car market share taken by diesel cars reached 23.3 per cent last month, up from 15.5 per cent in the same month last year. "There appears to have been no adverse effect at all," said Citroen UK, which has a leading share of the diesel market.

The lack of a downturn in diesel suggests that the cars are bought primarily for economy. Carmakers also maintain that the report, by the Quality of Urban Air Review Group, underestimated the technical progress that has been made in cleaning up diesel emissions.

The 145,710 new car registrations in February – up from 126,984 the same month a year ago – followed a 20 per cent year-on-year jump in January, so that registrations in the first two months of the year, at 344,235, were 17.92 per cent ahead of the 1992 period's 291,923.

"These figures confirm continuing growth in the market as manufacturers benefit from growing consumer confidence," said Mr Roger King, the society's public affairs director.

Commercial vehicle registrations rose last month by 8.1 per cent to 16,312, following a rise of 1.3 per cent in January.

The negative side of yesterday's statistics was a rise in the share of the market taken by imports. They accounted for 57.54 per cent, compared with 53.78 per cent the previous February.

Sharply rising imports of Vauxhall's Corsa from Spain and Ford's Mondeo from Belgium were among the main factors for the rise. The Mondeo, with 27,566 registrations, is leading the best sellers' list after the first two months, Second is Ford's Escort at 26,477 and third is Ford Fiesta at 22,623. Then came Vauxhall Astra, 20,376; Vauxhall Cavalier, 20,064; Vauxhall Corsa, 16,707; Rover 200 15,312; Renault Clio, 9,378; Peugeot 405, 8,976; in tenth place is Rover Metro with 8,828.

Registration figures, Page 8

Local newspapers look to multimedia as sales slip

By Raymond Snoddy

The regional newspaper industry has launched its biggest study of multimedia and the implications of electronic publishing for the future of newspapers.

Average circulation decline in the regional press has been 1 per cent to 2 per cent a year over the past 20 years and there are widespread worries about the future of print.

The first stage of the project, organised by the Newspaper Society through consultants Meta Generics, will scrutinise existing consumer and advertising markets and assess the likely impact of technology in the next seven years.

A technical trial of electronic publishing concepts with a small number of consumers may start next year to gauge interest in new services from newspapers.

Mr Richard Beamish, director of development at the Newspaper Society, which represents England's local and regional newspapers, has been looking at research in the US and believes there are no magic solutions on offer.

"I think we are talking more about enhancing the product than producing a different one," he said.

Newspapers in the US already provide several thousand additional services – either by audio or by fax – although at the moment these only account for about 2 per cent of revenues. For instance, for a subscription of $2.95 a month readers can get five faxes a month providing more information on chosen stories.

But Mr Brian Sallery, a director of Meta Generics, believes that as competition from the electronic media intensifies the regional press may be in a stronger position than national newspapers because it is "more targeted, more localised".

New chief of MI6 announced

By Motoko Rich, David Owen and Jimmy Burns

An intelligence officer understood to have won his spurs gathering information on the Iraqi weapons procurement network is to be the new chief of MI6.

The Foreign Office announced yesterday that Mr David Rolland Spedding, who turns 51 on Monday, has been appointed to the £82,925-a-year job as head of Britain's secret intelligence service.

Mr Spedding is a career diplomat and civil servant specialising in Arabic affairs. He was heavily involved in the Gulf War effort. It is understood he has not given evidence to the Scott arms-for-Iraq inquiry.

This is the first time a new chief has been announced and only the second time the head of MI6 has been named. Sir Colin McColl, the present chief, was named in 1992 when Mr John Major, the prime minister, decided that the intelligence services should be put on a statutory footing.

Two weeks ago the intelligence services bill, which will make MI6 more accountable to parliament, received an unopposed second Commons reading. The Lords have already approved it.

Mr Spedding will take over the service's 2,000 employees in September, after a year as its director in charge of operations. Mr Spedding joined the service in 1967 and trained as an Arab specialist in Lebanon.

Although he has spent most of his intelligence career in the Middle East or specialising in Arabic affairs in London, he was posted to Santiago, Chile, from 1972 to 1974.

The Foreign Office said Mr Spedding was chosen as the "best man for the job" although it was not revealed whether there was a shortlist for the post. It is expected he will serve for the same length of time as Sir Colin – about five years. The openness that marked the announcement of Mr Spedding's appointment only extends so far, however. Unlike Ms Stella Rimington, the head of MI5, who was photographed last summer, Mr Spedding will not be posing for cameras. The Foreign Office said: "Forget about photographs. I don't think you can count on it."

Mr Spedding will assume the top job shortly after MI6 moves its headquarters to a £230m building at Vauxhall Cross in south London.

His appointment came two days after the Kremlin accused a senior manager in Russia's arms industry of passing defence secrets to MI6 officials in the British embassy in Moscow.

Mr Spedding attended Sherborne school in Dorset, where Mr David Cornwell, better known as the spy novelist John Le Carré, was also educated.

Judge warns on Lloyd's claims

Lloyd's Names suing the London insurance market for alleged negligence over recent losses might not be fully compensated even if they win their cases, the Commercial Court judge in overall charge of the litigation warned yesterday, John Mason writes.

Mr Justice Cresswell said: "It is necessary to impress on the parties to the Lloyd's litigation that there is a distinct possibility, even if the claims are sound in law, that there may be insufficient money to satisfy them all."

The total for all claims against Lloyd's exceeds £3.5bn. Lloyd's estimates that following the decision by Names – the individuals whose assets support the insurance market – to reject its £900m compensation settlement offer, the maximum amount of cover available to meet court awards is about £1.1bn.

Mr Justice Cresswell, who has just completed a review of the progress of the litigation, said the Commercial Court would continue to meet the "considerable challenge" of the Lloyd's litigation. However, an appropriate balance had to be kept between the demands of those actions and other cases brought before the court.

Research spending increases by 4%

Spending on research and development rose by 4 per cent from £12.2bn in 1991 to £12.6bn in 1992, the Central Statistical Office said yesterday. In real terms, spending was unchanged in 1992 and represented 2.12 per cent of gross domestic product.

R&D spending for civil purposes was £10.4bn, 5 per cent higher than in 1991. Spending for defence purposes was £2.3bn, down 1 per cent.

The government funded just over a third of all R&D in 1992, nearly 30 per cent of the civil R&D and just under two-thirds of the defence R&D.

Treasury plans power shares sale

The Treasury will shortly appoint a merchant bank to advise on the sale of some or all of its shares in the electricity generators National Power and PowerGen, Mr Stephen Dorrell, financial secretary to the Treasury, said in a written answer yesterday.

Subject to market conditions, the sale would take place in 1994-95.

Electronics group to double capacity

Pioneer Electronic, the Japanese electronics group, intends to double capacity to more than 800,000 units at its audio production unit in Casteleford, West Yorkshire.

The increase will enable Pioneer to produce 40 per cent of the audio goods it sells in Europe.

Economy hopes on 'unique' Scots zone

By James Buxton, Scottish Correspondent

The first enterprise zone trust for industrial property development is expected to bring enhanced financial benefits to the Scottish economy, according to Scottish Enterprise, the economic development body.

It calls the scheme – in the Lanarkshire enterprise zone – unique in the UK.

Akeler Developments of Leeds, which is to raise £20m from private investors through an enterprise zone trust, will pass most of the financial surplus it makes on a 250,000 sq ft industrial development at Blantyre in Lanarkshire to Scottish Enterprise. That will be used on economic regeneration projects in Lanarkshire and elsewhere.

In return Scottish Enterprise and Akeler will form a partnership which could lead to Akeler's involvement in other industrial developments, and Scottish Enterprise will guarantee investors the rental income on the factories for up to 10 years.

Scottish Enterprise says it was able to secure this deal because of strong interest in the Lanarkshire zone among enterprise development specialists.

The enterprise zone trust is marketed by Capital Ventures of Cheltenham, Gloucestershire, an enterprise zone trust sponsor.

Liverpool oilfield supply base named

By Robert Corzine

West Hornby Dock in the port of Liverpool has been chosen as the site for a shore supply base to support the Liverpool Bay oil and gas development.

The base will be the main point through which equipment and materials will pass on their way to the offshore site during the project's construction, drilling and operational phases. The first oil should begin to flow in November 1995. The first gas is due a month later.

Competition for the supply base was fierce, with at least eight west coast harbours vying for the contract. About £40m will be spent each year to support the Liverpool Bay development once it becomes operational. Between 20 and 25 permanent jobs will be created at the base, said Hamilton Oil, the field's operator.


It takes 82,000
people to make it fly.
8,000 pilots, 17,000 cabin flight attendants, 11,000 aircraft mechanics, 46,000 ground staff... the number of people we employ to make us one of the world's biggest airlines.
But it's the kind of people they are that makes us the best.
Come fly the airline that's uniting the world. Come fly the friendly skies.
For reservations, see your travel agent or call United on 081 990 9900 (0800 888 555 outside London).
UNITED AIRLINES

Smith targets rising crime for election push

By Kevin Brown, Political Correspondent

Labour's campaign for the May local government elections will focus sharply on public anxiety about rising crime, Mr John Smith, the party leader, signalled yesterday.

Mr Smith told a rally of London Labour candidates and MPs that the party's plans for economic revival would win votes in "massive numbers" at the election.

He promised better transport and health services for the capital, and confirmed Labour's plans for a city-wide local government to replace the defunct Greater London Council.

But Mr Smith's speech concentrated on increases of 287 per cent in burglaries and 174 per cent in violent crime in London since the Conservatives came to power in 1979.

He ridiculed the fresh approach to crime prevention outlined last week by Mr John Major, the prime minister, which included plans for prickly bushes around buildings to deter thieves.

"Burglars throughout Britain are now quaking in their boots at the prospect of this latest bold, indeed draconian, initiative by the prime minister," he said.

Mr Smith said the government had no strategy to combat crime except "talking tough". At the same time, it was dismantling programmes such as the safer cities and urban redevelopment initiatives which helped to prevent crime.

"Drug education officers' posts are being cut; local authorities are being forced to cut youth services; mentally ill people are left to roam the streets with tragic consequences. And the prime minister shakes his head and wrings his hands at the rising crime rates," said Mr Smith.

Mr Smith promised a "concerted strategy to smash the culture of despair, hopelessness, drugs, violence, poor education and poor job prospects in which so many young people live".

He said Labour would establish a separate London police authority, create a new category of racial violence offences, and set up a national campaign to combat drug abuse.

Mr Smith said no one should seek excuses for criminal behaviour, but Labour would tackle the poverty, deprivation, and squalor that provided fertile soil for crime to flourish.

The tone of Mr Smith's speech reflects a growing belief among Labour leaders that the party has neutralised the Tories' traditional advantage on law and order issues.

Mr Smith carefully followed the approach pioneered by Mr Tony Blair, shadow home secretary, who has promised that Labour would be tough on both crime and the causes of crime.

Lawyers welcome part-timer ruling

By Robert Rice, Legal Correspondent

This week's landmark House of Lords ruling on employment rights for part-time workers was an important confirmation of the rights of pressure groups to challenge the compatibility of UK law with European legislation, lawyers said yesterday.

Law lords rejected government attempts to limit those rights. The government had argued that the Equal Opportunities Commission had no standing to seek a judicial review and that such proceedings could not be used to get a declaration that the government was breaching EU law.

Lawyers said yesterday that if either argument had succeeded it would have been a very retrograde step.

Mr David Pannick QC said the judgment reaffirmed the law as set out in the 1992 Factortame case where Spanish fishermen successfully applied for a judicial review seeking a declaration that the 1988 Merchant Shipping Act was contrary to EU law. It also confirmed the liberalisation of the scope of judicial review in recent years.

"It has never really been in doubt that if a person with a proper interest can show the government is in breach of EC law they are entitled to use judicial review proceedings to ask the court for a declaration that it is," said Mr Pannick.

Other lawyers said the judgment could lead to an increase in the number of politically controversial cases brought by pressure groups.

Lord Lester QC, counsel to the Equal Opportunities Commission, said although the judgment was not ground-breaking in the strictest sense, it was still a very important clarification.

The law had been thrown into doubt by the Appeal Court when it gave judgment in this case last year. The judgment stressed the role to be played by statutory and non-statutory lobbies in this area, he said.

In one respect the case did break new ground – it was the first time an English court reviewed the rationality of legislation rather than its legality, Lord Lester said.

In the Factortame case the court looked at the domestic law and read it against the EU law to see whether one conformed with the other. But in this case the court was looking at the impact of the legislation – at the economic and social justification for it.

Lord Lester said that role was typically played by constitutional courts, such as the US Supreme Court, but was a new departure for English courts.

"The judgment establishes a more intrusive and invasive form of judicial review."

Thorp ruling likely to stir nuclear review

By Michael Smith and David Lascelles

The government is expected to launch its long-awaited nuclear review soon, probably within the next month, following yesterday's High Court decision to allow the opening and commissioning of the Thorp reprocessing plant.

Mr Michael Heseltine, trade and industry secretary, is believed to be taking an increasing interest and wants to leave open the possibility of privatising Nuclear Electric, the generating company, before the next election.

Civil servants estimate that a decision on privatisation would need to be made by the summer if the sell-off is to be achieved before the next general election.

That puts pressure on the Department of Trade and Industry to announce the terms of reference for the review as soon as possible.

The review has been held up both by inter-departmental disagreement over the terms and by the judicial uncertainties created by Greenpeace's action in the High Court.

However, the delay appears to have shifted ministerial preferences towards a more wide-ranging review than was originally planned.

Last year ministers were tending towards a narrow review which focused mainly on the prospects for privatising the nuclear power industry.

This was strongly opposed by Nuclear Electric, which believes that its ambitions to be privatised would be best served by a review which included wider factors, such as environmental considerations.

The review is now likely to cover the balance sheet of the nuclear power industry, the assets and liabilities, and treat privatisation as just one of several options available.

The back-end costs, including decommissioning and reprocessing, are also likely to be scrutinised. Another issue to be resolved, either as part of the review or alongside it, is that of contracts between the generators and British Nuclear Fuels for reprocessing.

Mr Tim Eggar, energy minister, rebuked Nuclear Electric recently for its high profile campaign to be privatised.

He made clear his support for the privatisation of the generation industry in the long run but raised questions about the practicability of it happening quickly. The future of the industry would be in the private sector, he said, but added that the question was how and when it got there.

Lobby groups left to carry green banner

Though Greenpeace lost its 14-month battle to halt Thorp in the High Court yesterday, the case suggests that pressure groups rather than opposition political parties provide the main challenge to the government's environmental policies.

"There is no question that the people the government has been worried about right through the whole Thorp affair are Greenpeace, not Labour," said one official at the Department of the Environment.

Thorp, one of last year's most controversial industrial issues, presented Labour with a dilemma. The party's policy is to phase out nuclear power, but the plant, which employs 2,000 in a region of high unemployment, is in the constituency of Mr Jack Cunningham, shadow foreign secretary.

Mr Chris Smith, shadow environment spokesman, called Mr Cunningham's support for Thorp a "legitimate constituency view". But according to Mr Andrew Lees, campaigns director of the pressure group Friends of the Earth, the overall effect was that Labour was "stunningly silent – they managed to keep their heads down, that's all".

Critics feel that the recurrent conflict between jobs and being green prevents Labour developing a coherent environmental strategy. For example, Labour opposes the rapid shutdown of the coal industry even though this cuts emissions of carbon dioxide and the threat to global warming. But according to Mr Dieter Helm of Oxera, the forecasting group, Labour's plans for more energy efficiency "provide only a short-term answer and duck questions of long term energy policy".

Press Association

Greenpeace director Lord Melchett at the High Court yesterday

The Liberal Democrats produced a clearer line on Thorp. Mr Simon Hughes, environment spokesman, used the debate adeptly to call for more public access to environmental data. But they too have sometimes seemed reluctant to acknowledge the costs of curbing pollution.

Mr Scott Barrett, lecturer in environmental economics at the London Business School, says: "Their concerns about putting value added tax on household fuel are hard to understand as they have advocated pretty big environmental taxes."

In contrast, Whitehall officials credit the pressure groups with having forced the government to re-examine Thorp's future, even if they did not eventually change its mind. Part of that influence, officials make clear, was the pressure groups' increasing use of the courts. Officials say Greenpeace's threat of legal action last summer prompted a second public consultation into the plant, delaying the go-ahead by several months.

Legal action by lobbyists has been rare in the UK compared with the US, where powerful groups such as the Sierra Club, the San Francisco-based ecology group, keep large legal teams on retainer. Court action has begun to appeal to UK campaigners partly because of the amount of UK and European legislation passed in the past decade.

Mr Lees, who says that Friends of the Earth will be stepping up lawsuits against the government and companies, adds that "European regulation has given us a particularly good lever".

A second reason is the groups' growing financial muscle. Greenpeace UK received £6.6m last year in donations before fundraising costs, and Friends of the Earth about £4.5m on the same basis.

But Thorp also displays two factors which could eventually jeopardise the pressure groups' success. In the Thorp case, the judge ruled that Greenpeace and Lancashire County Council did not have to pay the government's costs, but normally the costs of losing such cases are formidable.

The second threat is that the campaigners' agenda may increasingly be moving away from their supporters' concerns, which could eventually undermine their ability to raise funds.

Lord Melchett, director of Greenpeace UK, says that while Greenpeace's policymakers felt Thorp was a priority, its members may care more about whaling and toxic waste.

Mr Lees also acknowledges a gap: "We have pretensions beyond representing our members – we are acting *in loco parentis* for the future."

Bronwen Maddox

How the plant will operate

Final tests in preparation for shearing the fuel rods, the next stage of the commissioning of Thorp, will begin on Monday. Shearing will probably go ahead within the next two weeks.

The first fuel rods for reprocessing at Thorp arrived in 1988 and have since been stored in ponds to allow short-lived highly radioactive isotopes to decay.

Some of the fuel has already been moved to the "head-end plant" where it will be sheared into smaller pieces and dropped down a chute to a basket suspended in nitric acid.

Dissolved fuel is transferred to the chemical separation plant where the uranium and plutonium are parted from the waste. The uranium and plutonium are then separated from each other, and converted to solid form for storage and eventual re-use.

PowerGen mothballs generators

By Michael Smith

PowerGen, the electricity generator, is to place one generating unit in reserve at each of Richborough, Ince and Fiddler's Ferry power stations with effect from the end of this month.

The company said the reserves move would enable it to cut costs while retaining future plant flexibility to burn alternative fuels.

Under current operating conditions, the affected units are forecast to have minimal generation. Their withdrawal, the company said, would enable it to make savings through reductions in maintenance costs, use of system charges and business rates without affecting its ability to meet forecast customer demand.

Richborough and Ince are PowerGen's only plants where orimulsion, the bitumen-based fuel, is burned – but the company said it would still continue to burn about 1.3m tonnes a year at the units still open at the sites.

The registered capacity of PowerGen plant available to the grid system as a result of the move of the units into reserve will be reduced by 1,080 megawatts.

PowerGen said withdrawal of this plant will not prejudice the possibility of these units being considered for disposal under the recent undertaking given by PowerGen to Offer, the industry regulator, to use all reasonable efforts to negotiate the disposal of about 2,000MW of its coal- or oil-fired plant within two years.

When generating plant is put in reserve, PowerGen says, it is not available for operational use. However, under certain circumstances, it would be possible to recommission it if future market conditions made it economically viable to do so.

Richborough is a three-unit 340MW orimulsion-fired power station in Kent. Both Ince, a two-unit 1000MW orimulsion/oil-fired station, and Fiddler's Ferry, a four-unit 2,000MW coal-fired station, are in Cheshire.

Generator fined £34,000 for deliberate radioactive leak

Nuclear Electric was yesterday fined a total of £34,000 for deliberately leaking radioactive gas into the atmosphere.

The case, the first prosecution of its type in Britain, followed an incident at the Wylfa magnox power station in Anglesey, north Wales, last July.

Magistrates at Amlwch, Anglesey, also ordered Nuclear Electric, which admitted two charges under the Radioactive Substances Act 1960, to pay costs of £30,170.

Mr Martin Warren, for Her Majesty's Inspectorate of Pollution, said sulphur and carbon gas leaked after a 130lb grab on a refuelling machine fell nearly 40ft, landing close to a fuel rod of radioactive uranium.

An air sample from within the building showed the radiation level to be nine times above an internal action level. Some air was released into the atmosphere over two hours. A few hours later internal radioactivity being more than five times above the action level, a further amount of air was released, Mr Warren said. Power station staff released the gas without considering the information available, and did not know the wind direction or the potential for serious environmental harm, he added.

Mr Wyn Lloyd Jones, for Nuclear Electric, said the company reported the gas release immediately. Mr Mike Williams, Wylfa station manager, said yesterday that it was a minor breach and there was no hazard to the population or their workforce.

UK CAR REGISTRATIONS – JANUARY-FEBRUARY 1994

	February 1994			Feb' 93	January-February 1994			Jan-Feb' 93
	Volume	Change%	Share%	Share%	Volume	Change%	Share%	Share%
Total market	145,710	+14.75	100.0	100.0	344,235	+17.92	100.0	100.0
UK produced	61,864	+5.41	42.46	46.22	151,829	+14.08	44.11	45.59
Imports	83,846	+21.60	57.54	53 78	192,406	+21.14	55.89	54.41
Japanese makes	15,693	-6.38	10.78	13.20	36,090	+2.42	10.67	12.07
Ford group	32,548	+8.90	22.34	23.53	81,870	+23.46	23.79	22.72
– Ford	32,022	+8.77	21.98	23.18	80,542	+23.57	23.40	22.33
– Jaguar	526	+17.15	0.36	0.35	1,328	+15.78	0.39	0.39
General Motors	*27,267*	*+28.73*	*18.72*	*16.68*	*83,841*	*+28.10*	*18.55*	*17.07*
– Vauxhall	26,221	+27.80	18.00	16.16	61,885	+28.42	17.98	16.51
– Saab*	1,046	+57.53	0.72	0.52	1,956	+18.62	0.57	0.56
BMW group†	22,199	+18.02	15.23	14.82	51,944	+14.85	15.09	15.52
– Rover**	18,595	+19.20	12.76	12.29	43,471	+14.20	12.63	13.04
– BMW	3,604	+12.27	2.47	2.53	8,473	+16.20	2.46	2.48
Peugeot group	16,619	+6.40	11.41	12.30	42,390	+6.78	12.31	13.60
– Peugeot	11.524	+18.98	7.91	7.63	24,176	+4.00	7.02	7.96
– Citroen	5,095	-14.14	3.50	4.67	18,214	+10.72	5.29	5.64
Volkswagen group	9,435	+34.29	6.48	5.54	20,168	+25.97	5.86	5.46
– Volkswagen	5,983	+26.28	4.11	3.73	12,972	+19.29	3.77	3.72
– Audi	1,517	-9.86	1.04	1.33	3,473	-8.24	1.01	1.30
– SEAT	972	+102.50	0.67	0.38	1,847	+75.07	0.54	0.36
– Skoda††	963	+670.4	0.66	0.10	1,876	+533.78	0.54	0.10
Renault	8,787	+24.48	6.06	5.56	19,548	+22.11	5.68	5.48
Nissan	5,155	-24.55	3.54	5.38	14,914	+11.92	4.33	4.56
Fiat group	4,062	+41.04	2.78	2.27	8,044	+27.40	2.34	2.15
– Fiat	3,876	+47.83	2.66	2.06	7,689	+32.07	2.23	1.99
– Alfa Romeo	165	-11.76	0.11	0.15	299	-17.86	0.09	0.12
– Lancia	21	-70.43	0.01	0.06	56	-46.25	0.02	0.04
Toyota	*4,100*	*+3.64*	*2.81*	*3.12*	*7,878*	*-2.55*	*2.29*	2.77
Volvo	3,273	+40.78	2.25	1.83	6,884	+9.83	2.00	2.15
Mercedes-Benz	2,218	+57.86	1.52	1.11	6,015	+51.28	1.75	1.36
Honda	2,101	+16.79	1.44	1.42	4,476	+13.23	1.30	1.35
Mazda	1,958	+78.30	1.34	0.86	3,436	+1.87	1.00	1.16

*GM holds 50% of Saab Automobile and has management control. †BMW is acquiring 100% control of Rover. **Includes Range Rover/Discovery. ††VW holds 31% of Skoda and has management control.

Source: Society of Motor Manufacturers and Traders.

Fears over housing after drop in loan approvals

By Alison Smith and Philip Coggan

The number of mortgage loan approvals - regarded as an important forward-looking indicator for the mortgage market - fell in January, compared with December, underlining the fragility of the housing market recovery.

Seasonally adjusted numbers for loan approvals dropped to 74,000 in January from 80,000 in December, according to figures published yesterday by the Bank of England.

The total of loans approved, again seasonally adjusted, was flat at £4.3bn for both January and December. January figures for gross and net lending by banks, building societies and centralised lenders were also down on December.

Gross lending stood at £4.1bn (£4.8bn in December) and net lending fell slightly to £1.56bn from £1.64bn.

There are signs, however, that building societies are regaining some of the market share they have lost to the banks, which had success in promoting fixed-rate mortgages last year.

According to the seasonally adjusted figures, building societies achieved 70 per cent of net lending in January, compared with 57 per cent in the last quarter of 1993. The societies' market share of loan approvals was 65 per cent in January, against 60 per cent for the last quarter of 1993.

Mr Adrian Coles, director-general of the Council of Mortgage Lenders, said the lending figures were consistent with the house price rises being reported at present, but showed there would be no return to boom conditions.

● Lending by banks and building societies in January was even weaker than previously estimated, according to the Bank of England, which has revised its seasonally adjusted estimate for sterling M4 lending to the private sector in January.

It estimated that lending was £100m instead of £200m. The original estimate was well below City forecasts of £2.6bn. The overall estimate for M4 growth, the broad measure of money supply, is unchanged at a seasonally adjusted 5.5 per cent in the year to January.

The figures shed some light on dealings in the gilts market, which has been falling since the start of the year.

Mr Don Smith, an economist at Greenwell Montagu, said the figures showed that domestic institutions sold £396m of gilts in January, whereas overseas investors bought £1.05bn. He added that these figures referred only to the cash market, and overseas investors might have been selling gilts via the derivatives markets.

Prospects for further cuts in UK interest rates are unlikely to be affected by the turbulence of international financial markets, Mr Kenneth Clarke, the chancellor of the exchequer, indicated yesterday, Paul Cheeseright writes.

At the end of a week when markets have been buffeted by a surge of inflationary fears in the US and surprising money supply figures in Germany, Mr Clarke stressed the independence of UK rate policy.

"When I make decisions about interest rates I don't look first of all at the international scene. I consider what is the medium-term outlook for the British economy, have a look at what's happened to our money supply, what's happened to our exchange rate and what's happening to asset prices and the economy generally here," he said.

Research adds fuel to top pay row

By Lisa Wood, Labour Staff

The basic pay of top executives has risen far more quickly than that of clerical workers since the Conservatives came to power, according to research published yesterday.

The result follows criticism of high pay rises in Britain's boardrooms by politicians of all parties.

The research, by Hay Management Consultants, says pre-tax clerical salaries have increased by 333 per cent since 1978-79 while basic salaries at executive or director level have increased by 416 per cent.

The gap is likely to be wider in view of bonuses paid at boardroom level, and the gap in take-home pay is wider still, as top earners have benefited more from tax cuts than those lower down the scale.

Research by P-E International, the management research organisation, suggests that senior executives in the food, drink and tobacco industries got the biggest percentage increases in basic salaries last year - 8.3 per cent in the year to July 1993, compared with 4.4 per cent in financial services and 7.5 per cent in utilities.

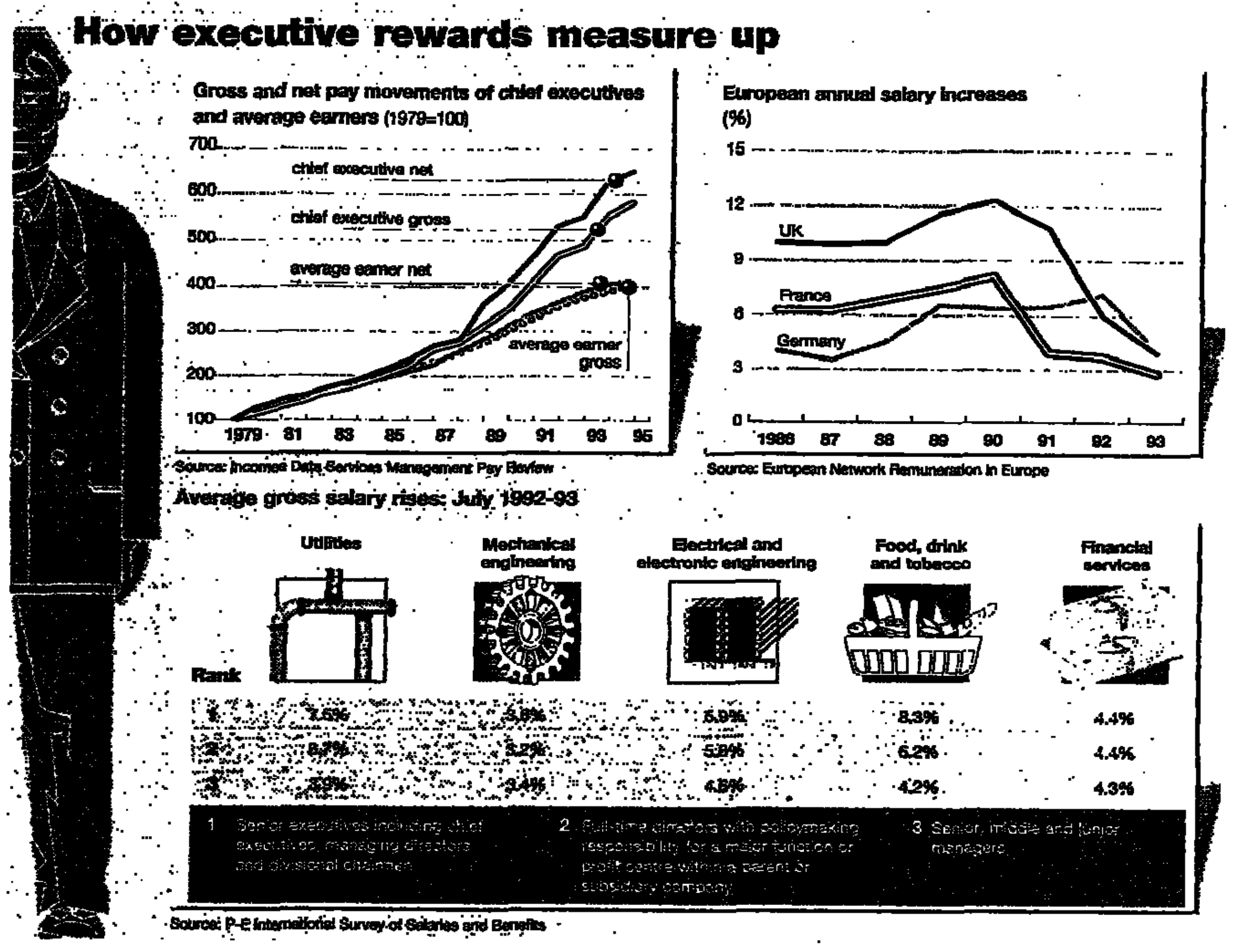
The P-E study allows comparisons between chief executives and managers, but does not cover other groups of employees.

Mr Nick Boulter, a director of Hay, said executives' pay had grown more rapidly in recent years, but clerical pay had doubled between 1971 and 1976 while that of executives rose only 50 per cent.

A recent index of executive pay by Sedgwick Noble Lowndes showed that bonuses and perks (excluding share options) could add as much as 40 per cent to an average executive's salary.

This is partly responsible for the growing gulf between gross earnings of chief executives and average earners, illustrated in the management pay review chart published this week by Incomes Data Services. Gross earnings include bonuses.

Management Pay Review, IDS, 193 St John Street, London EC1V 4LS. The Hay Compensation Report from Hay Management Consultants, 52 Grosvenor Gardens, London SW1. Both by subscription.



Brown forces issue on to agenda

By Kevin Brown, Political Correspondent

Mr Kenneth Clarke, the chancellor, struck a populist chord - and a blow for his prime ministerial aspirations - when he attacked excessive boardroom salaries this week.

But the real credit for forcing the issue on to the political agenda belongs to Mr Gordon Brown, the shadow chancellor, who raised it last autumn in his shadow Budget.

Mr Brown has concentrated his fire on the substantial increases in executive salaries that have occurred in most of the privatised water and electricity companies.

He has also pointed out that many former cabinet ministers, including those involved in the privatisation process, have been beneficiaries.

However Mr Brown has reserved his most pungent criticism for the discretionary share option scheme, launched in 1984, which many companies use to give executives tax-efficient rewards.

Mr Brown says share options worth more than £12bn have been issued to a small number of highly-paid executives, at a cost to the exchequer of about £1bn over the next five years.

That would provide about £200m a year if the scheme was abolished - a handy contribution to the £10bn a year that Labour says can be raised by closing tax loopholes.

Labour's claims have been dismissed as fanciful by the government, which says that most of Labour's so-called tax loopholes are inventions.

Ministers also point out that Labour is wrong to suggest that all the beneficiaries of the scheme are highly paid.

The Inland Revenue says that more than 585,000 employees were granted options under the scheme between 1984 and 1992, with an average value of just under £19,000.

The scheme is popular with executives because the options are free of income tax, provided they are exercised between three and 10 years after they are issued.

It allows for grants of options worth up to £100,000, or four times the recipient's salary, and the price can be as low as 85 per cent of the market value. The only tax payable is capital gains tax when the shares are sold.

According to the Revenue, the tax receipts forgone amounts to between £30m and £55m a year; the cost was £45m in 1991-92, the latest year for which figures are available.

The figures represent the difference between the income tax revenue which would have been payable if the scheme did not exist, and the amount of CGT actually paid.

The CGT liability is lower than the notional income tax liability because no CGT is payable on the first £5,800 of taxable gains.

Labour increases the total of revenue forgone by including the benefits to spouses of option holders, to whom options can be transferred.

Nissan falls foul in soccer land row

By Chris Tighe

Sunderland Football Club yesterday won an important part of its fight with Nissan over the club's plans for a £70m sports, entertainment and conference centre on land beside the Japanese carmaker's £900m plant.

In a report made public before next Thursday's meeting of Sunderland City Council's environment committee, councillors are recommended to give the club's project outline planning approval.

The recommendation is a blow to Nissan, which has argued that the complex would block expansion and jeopardise its component delivery and production methods.

However because the club's proposal for green-belt land is a major departure from Sunderland's present development plan, the application must be referred to Mr John Gummer, the environment secretary, who may announce a public inquiry.

Yesterday the report's author Mr Ed Robson, Sunderland's director of architecture and planning, said it had been a difficult decision. Mr Robson - a Newcastle United supporter - was, ironically, co-ordinator for the Wearside local authorities which 10 years ago this month clinched the Nissan project, the UK's biggest inward investment of the 1980s.

In his report, he says Nissan did not indicate when the plan for future expansion was being prepared; nor could the site be protected for Nissan simply by withholding planning consent for other developments.

Mr Robson's report concludes the application would bring significant economic and employment opportunities and private-sector investment; provide a major new regional facility; and significantly enhance the image of Sunderland and the region.

Nissan said it did not wish to pre-judge next week's decision, but welcomed the possibility of a public inquiry.

What next as telephones head for the museum

BT ponders its step forward in the networks race, says **Andrew Adonis**

British Telecommunications is at a crossroads. Either it goes ahead with the next generation of network modernisation, or it risks being left with local networks inferior to those of the cable companies building combined television and telephone networks in Britain's urban areas.

That is the subtext to this week's confirmation by BT of a series of trials this year into video-on-demand and other interactive services.

Until now, BT has insisted that a government ban on it providing entertainment services on its network until at least 2001 made it uneconomic to invest in taking fibre-optics into the local network - the critical investment for interactive network services.

Instead, it said it planned to offer a video-on-demand service using its existing copper local network, upgraded with ADSL electronics.

However, in its trials it will pilot both ADSL and fibre technologies. In an FT interview last week, Dr Alan Rudge, BT's development director, stressed the commercial potential of fibre not just for entertainment, but for information and travel services.

Two trials are planned - a trial with 70 BT employees in Kesgrave, near Ipswich, followed by a commercial trial later in the year covering 2,500 residents.

For the companies chosen to develop equipment, the stakes are enormous. Northern Telecom, the Canadian telecoms manufacturer, has won the contract for the ADSL equipment. Alcatel, the French supplier, will provide the fibre technology.

Three US companies - Oracle, nCube and Apple Computer - will supply software and hardware. Oracle will provide software and systems integration services; nCube will provide multimedia server hardware; and Apple Computer will supply "set top boxes" to decode the digital multimedia signals. Whatever system is used, the programmers will be a critical link in the chain.

For the initial trial, more than 250 hours of programming will be available; suppliers include the BBC, Carlton Communications, London Weekend Television, Thames TV, Picture Music International and Granada. BT is also seeking a supplier for Hollywood movies.

Figures in the region of £15bn are cited for the cost of taking fibre into the local network nationwide - perhaps more if BT decides to go the whole hog and lay fibre into the home.

BT can afford such sums with ease. Capital investment has fallen from £3.1bn a year to £2.1bn since 1990, as its digitalisation programme has wound down.

The key question it faces is the cost of *not* investing if broadband services take off and today's "plain old telephone" becomes a museum piece.

Potential bidder for pit urges early sale

By Chris Tighe

A potential bidder for the last pit to close in north-east England is pressing for British Coal to start the sale process.

Mr Crispian Hotson, chief executive of the Ryan Group, the Welsh-based private mining company, said yesterday his company had written to British Coal asking when and how it planned to advertise Ellington, in Northumberland, for sale and urging it to give potential bidders access to the pit quickly.

Ellington closed last month with the loss of 1,100 jobs. It is being maintained in anticipation of a possible sale.

"It would be better for all if Ellington is found to have a future to embark on it as soon as possible," said Mr Hotson yesterday.

British Coal's remaining working deep mines and its opencast operations are to be sold in five regional packages. Twenty-eight closed pits have already been offered separately for lease and licence, but three which shut very recently, including Ellington, are to be offered "in parallel" with the regional packages.

The Department of Trade and Industry said yesterday it had not yet been decided whether they would be part of the packages.

The coal industry privatisation bill is likely to receive royal assent in the summer; the DTI expects to invite potential bidders for the regional packages to register their interest in a few weeks. They will then be given more information.

Ryan and British Alcan Aluminium - the UK subsidiary of Alcan of Canada - which uses coal from Ellington in its adjacent smelter, announced in January they were considering a joint bid for the north-east package.

Mr Hotson, who expects three or four bidders for Ellington, said yesterday he was "cautiously optimistic" his consortium would place a bid. But no final decision on Ellington could be taken until his team could get underground. He envisaged, he said, significant capital investment, giving Ellington a long-term future.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday March 5 1994

A question of risk

When central bankers gather in Basle on Monday for their monthly meeting at the Bank for International Settlements, they are widely expected to discuss the role played by hedge funds during the recent upheavals in the markets. Given the lack of knowledge about these largely unregulated and heavily borrowed outfits, that is no bad thing. But the central bankers might be well advised to spend more time on the growth of proprietary trading, whereby supposedly more conventional members of the banking fraternity have been backing speculative positions in the markets with their own capital.

Both commercial banks and investment banks have reaped a rich harvest from trading in bonds over the past three years. This was partly because fixed interest paper underwent a fundamental and continuing valuation adjustment on the basis of the profound disinflationary forces that were sweeping through the world economy. But it also reflected the fact that the US Federal Reserve chairman Mr Alan Greenspan had signalled to the banking community that it could mismatch the maturity of its assets and liabilities to an unusual degree without losing any sleep at night.

As long as the Fed was seeking to recapitalise the banks after the debt binge of the 1980s, it was safe to borrow short from depositors and invest longer in US Treasury stock. In effect, it offered a cast-iron safety net to bankers and anyone else who chose to exploit the speculative opportunity in a yield curve where short-term interest rates were significantly below long-term rates.

What has become apparent since the Fed changed the direction of monetary policy early last month is that this seemingly riskless form of speculation was a much more potent influence on bond markets than anyone had recognised at the time. That is one of the messages in the market shakeout.

Dangerous activity

No one in world bond markets is cushioned from risk any longer. The Fed's gigantic exercise in market rigging is over, and borrowing for speculation in fixed interest paper is a dangerous activity again. Because they are so highly leveraged, the hedge funds were quick to feel the pain from the Fed's small increase in rates and to appreciate that the rules of the game had changed. But there is plenty of anecdotal evidence that the response from commercial bankers has been slower.

In large organisations, success provides the material for the creation of bureaucratic empires; and bureaucrats do not find it easy to curtail their own activities. The risk is that, while central bankers are busy worrying about the counterparty risk that commercial banks run in dealing with hedge funds, the proprietary traders in their own backyard may have failed to adjust their activity to a new level of risk.

Remain stagnant

None of this means that underlying economic factors are irrelevant to recent events in the markets. The rise in real bond yields around the world from 3 per cent to 3½ per cent clearly owes a great deal to fears that the US recovery will spark some renewal of inflation. Technical factors, on the other hand, provide the more plausible explanation for the way European bond and equity prices have fallen more than those in the US over the past month. And it is hard to believe that the world is heading for a serious capital shortage when fiscal policy is being tightened across the Group of Seven industrialised countries, with the exceptional of Japan, and the European and Japanese economies remain stagnant.

The disinflationary story remains solid enough. The problem for markets is to work out what level the story implies for bond yields now that the pursuit of capital gains on leveraged bond portfolios has ceased to be a leisure activity. The problem for businessmen is to adjust their investment plans to realistic expectations about future returns. All the signs are that they take a different view, in Britain at least, from the bond markets.

To take an obvious recent example, National Westminster Bank still feels that it can achieve a return on equity of 17.5 per cent when the gilt market is assuming a long-term rate of inflation of about 4 per cent. If the gilt market is right, NatWest will have to take exorbitant risks to achieve that return. Leading British industrialists appear to be similarly reluctant to reduce target rates of return, which says little for the credibility of UK monetary policy. Who has it wrong – bond market investors or business leaders?

There can be no short-term answer to that question, any more than there can be an early end to the market upheaval that followed the Fed's change of monetary course. Market psychology is entirely defensive, with good news precipitating price falls just as readily as bad news. The panic that followed the publication of freakishly bad German money supply figures this week was a measure of the nervous temperature of this market. The tectonic plates continue to shift.

Peter Montagnon examines the storms spooking the world's financial markets

Taking stock after a fright

There is something perverse about the way stock markets as well as bonds plunged around the world on news that US growth surged to 7.5 per cent in the final quarter of last year.

After all, companies are supposed to thrive in a growing economy. It boosts their earnings, which ought to be good for share prices too. In other circumstances news that the US was doing well – reinforced as it was on Tuesday by a positive survey of industrial purchasing managers – might have been sufficient to send a glow around the world.

That this time was different is a measure of how markets lost touch with reality as they raced ahead late last year. Now, as the shock starts to abate, two questions arise. Will the liquidity return that fuelled that earlier, apparently effortless rise? And have markets fallen far enough to reflect underlying economic reality once again?

The US Federal Reserve's decision to tighten monetary policy on February 3 was a turning point for equities. Since the end of January the US equity market, measured by the Standard & Poors Composite index, has fallen 4 per cent, but falls in Europe have been larger. The UK's FT-SE-A All-Share has fallen 6 per cent. German shares are down 5 per cent, while French equities have fallen by 7.

Warning signals had already appeared in bond markets in January. These markets, too, had been driven up by cash-rich buyers – not just US mutual fund investors seeking a higher return than available at home but by large-scale professional investors using borrowed money to punt on ever-growing capital gains.

Because they are so heavily leveraged, such investors, known colloquially as hedge funds, cannot afford to let any losses mount. At the first sign of trouble they must, often on the instructions of their bankers, cover their positions. Once that process starts losses can snowball. Markets then find themselves in a vicious downward spiral.

Insofar as this explains the problem, bond markets are not reflecting a basic shift. Though yields have risen by over 1 percentage point in the UK this year, nearly 1 point in France and Germany and half a point in the US, there is no immediate sign of inflation returning. Indeed, it is likely to fall further in Europe. Arguably, bonds now offer attractive real returns.

There is little chance hedge funds will return in a hurry, though. Nor did yesterday's US unemployment data do much to allay fear that signs of the US economy over-heating could prompt the Federal Reserve to tighten further. Not only might that choke off the US recovery. Higher deposit rates would reduce the incentive for US investors to put money in mutual funds. With their $2,000bn assets, these funds have been large players in world financial markets. They might invest less abroad and even repatriate existing investments.

Opinions differ on where the markets go from here. "The fundamentals aren't bad," says Mr David Hale of Kemper Financial Companies. "It's really a psychological shock." He believes the speculative froth has merely been blown off markets previously driven up by a surfeit of liquidity. "This situation is still very manageable. It's not something which can't be corrected over time.

Mr Nicholas Knight, London-based strategist of Nomura Securities, is less sanguine. "You haven't yet seen the culmination of this," he says. "The real interest rate environment has changed. Period."

A striking feature of market turbulence is that prices have been pushed lower by selling of futures. The volume in cash markets has remained low, suggesting many investors still hold more securities than they want. Mr Knight, more pessimistic than most, fears their first inclination could be to sell into any rally. Even further cuts in European short-term interest rates would then fail to give a sustained boost to bonds or equities.

Perhaps these contrasting attitudes reflect the fact that the US seems less threatened than Europe. Markets there have fallen less sharply. Economic recovery has brought a rise in corporate profits which made the peak price-earnings multiple of 26 on US equities look less stretched than those in Europe.

It is still possible that, after acting early to combat inflation, the Fed may have to tighten less this time than in previous cycles. That could eventually mean a soft landing for bonds and equities as well as for the economy. And if US investors become more risk averse, their first instinct will be to drop more exotic investments abroad before familiar holdings at home.

For Europe, still struggling to recover from recession, the malaise has been ill-timed. Stock markets across the continent had been driven to record levels by the presumption of recovery. That is now threatened by fears that the Fed's move may delay cuts in European short-term interest rates and by the rise in real long-term rates that has occurred in the bond markets.

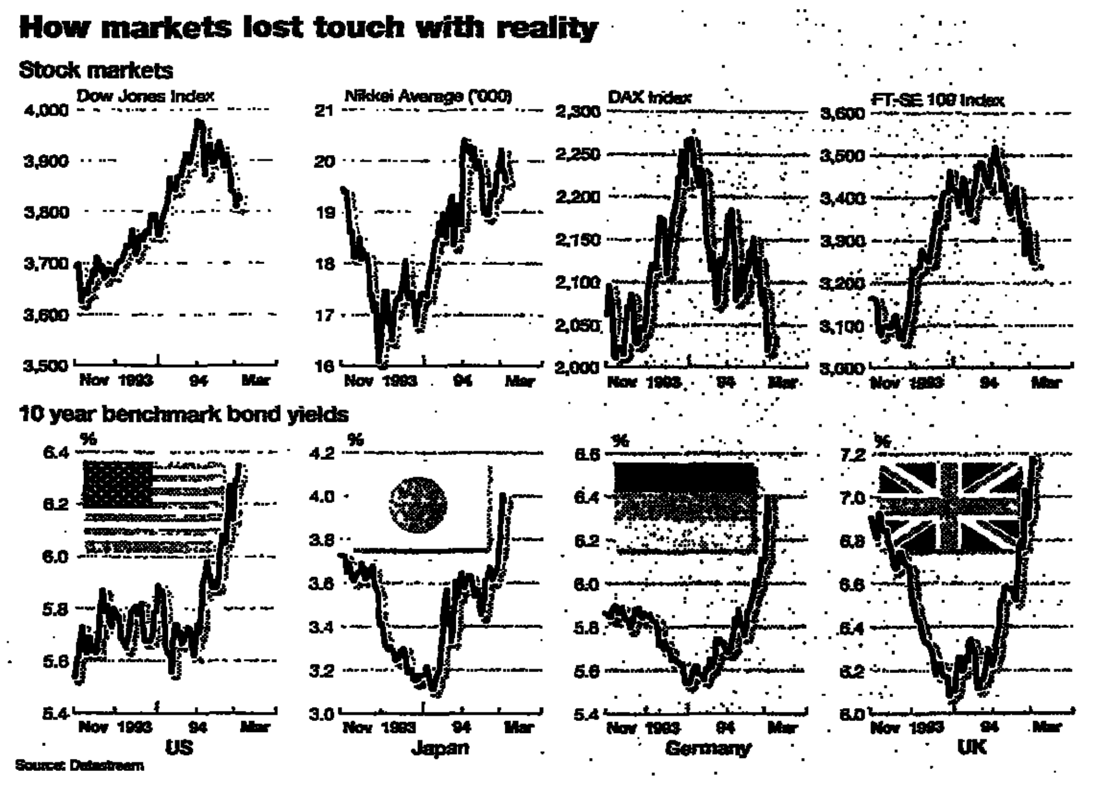
"European equities are discounting high [economic] growth, which we don't think will happen," says Mr Richard Davidson of Morgan Stanley. Most vulnerable to disappointment, he says, are the markets of southern Europe. Corporate earnings prospects are better in the UK, Switzerland and the Netherlands.

Another problem is that the withdrawal of hedge fund buying from the bond markets has exposed the high borrowing needs of governments. Though the UK covered this year's £50bn borrowing requirement easily, funding next year's deficit may prove harder even if it drops to a forecast £38bn. Higher real interest rates may be needed to woo buyers of government debt. Savers would have less money over for equities, whose attraction would diminish.

Even those who believe European bond markets have fallen to the point where they offer value are uncertain when buying will return in force. "No one in the whole world would disagree these markets are cheap," says Ms Alison Cottrell of Midland Global Markets. "People just think they'll get cheaper. So far they've been right."

Bond markets yesterday recovered some of their poise since their falls in mid-week. Some say this could be the first sign of an end to the buyers' strike; others that the rise is mainly technical. For a real change in sentiment, investors must be persuaded that Europe can decouple from the US trend, so that interest rates can fall again.

That requires decisive action by central banks, which may be difficult while the Bundesbank remains spooked by 20 per cent growth in German money supply. Without lower short-term interest rates, though, there is little chance of a meaningful bond market recovery. European economies would also continue to stagnate and budget deficits to grow. That is not a friendly climate for equities.



Hedges hog the limelight

Hedge funds have been widely seen as one of the causes of volatility in the financial markets. Here is a guide.

What are hedge funds and who manages them?

They are pools of money aggressively managed by highly paid specialists, and are usually highly leveraged. This means they use borrowed money in addition to their capital and specialised instruments such as futures to increase their exposure to the markets, thus magnifying potential rewards or losses.

The hedge fund industry is by no means homogeneous. Originally, funds were meant to be "hedged" – in other words, protected against adverse market movements. However, the term is often used now as a blanket description for leveraged funds which move in and out of the world's equity, bond, currency and commodity markets several times a day.

There are hundreds of hedge funds, mostly managed in the US, where many sophisticated trading techniques were developed. Investors are usually of the "high net worth" variety – individuals who can put a minimum of $1m into a fund. The headline-grabbers tend to be big funds such as George Soros's Quantum Fund, which has an estimated $10bn under management, Steinhardt Management, run by Michael Steinhardt, and Julian Robertson's Tiger Management. But there are also scores of relatively small funds with $2m or less under management.

Successful funds with a track record of generating average returns of more than 30 per cent a year have encouraged investors to jump on the bandwagon, prompting new funds to mushroom. But these investments can be risky, and result in heavy losses.

Why are the funds in the news?

Last year, some funds made gains of as much as 70 per cent, having positioned themselves for the rally in government bond markets and the effective breakdown of Europe's exchange rate mechanism.

But, this year, the funds have been wrong-footed by sharp and unexpected market movements: the Japanese government bond market fell heavily in January; the yen appreciated against the US dollar in February following the collapse in US-Japanese trade talks; and the snail-like pace of interest rate easing by the Bundesbank caused the prolonged rally in the European government bond markets to stall.

Heavy losses were exacerbated by the highly leveraged nature of the funds. To halt losses, some funds started selling, which depressed prices in the bond markets. Further sales were made to finance positions in the futures markets, where additional payments have to be made when prices fall sharply.

Why are banks keen to do business with hedge funds?

It is lucrative business: many hedge funds trade in large amounts, trade often, and trade across a whole gamut of products including cash, futures, options and other financial instruments.

What strategies do they employ?

Some fund managers track computer charts showing market movements, basing investments on expectations of small technical shifts. Others follow their hunches and bet on the direction of currency and bond markets based on broad economic analysis.

Do hedge funds pose a risk to the world's financial system?

At the moment they are everybody's favourite whipping boy. True, they pour in or pull out vast sums which can rock the markets. But banks have also been heavy sellers recently. Central banks and other regulators have long been concerned about market volatility and the potential threat posed by leveraged financial instruments to the financial system. They are also concerned that banks, which lend to hedge funds, could be hit if funds go under.

Sara Webb and Tracy Corrigan

MAN IN THE NEWS: ***Michael Heseltine***

Return of Hezza the Prezza

His cabinet colleagues had approached the Scott inquiry into arms-related sales to Iraq with a mixture of annoyance and trepidation. Mr Michael Heseltine treated it as a pleasant day out. The president of the board of trade took along his elegant wife Anne to pose, smiling, for the cameras before facing his inquisitors. He turned in a bravura performance.

The message was clear. If there was blame to be apportioned for the government's dubious role in what has become known as the arms-to-Iraq affair, it would not fall on Michael Heseltine. He had played by the rules. The bundles of documents laid out before Lord Justice Scott proved his point.

The reaction among Tory MPs in the bars of Westminster was summed up in one oft-repeated phrase: "He's running." For what? For the key to No 10 Downing Street, if the bus chasing Mr John Major finally knocks down the prime minister.

Hezza the Prezza had staged another political comeback. Prematurely written off after the fiasco 18 months ago over coal industry closures, and once again last summer after a heart attack, he is fully recovered and is not about to celebrate his 61st birthday this month by announcing his retirement.

He is not the favourite to replace Mr Major if a vacancy does arise after the Conservatives' expected trouncing in this summer's local and European elections. Despite the furore over impending tax increases, Mr Kenneth Clarke, the chancellor, remains the front-runner. Mr Heseltine deposed Lady Thatcher: there are some in the party who will never forgive him.

The Prezza, anyway, is dismissive of the latest speculation: "I think it's a lot of garbage," he insists. "John Major will lead us into the election and he will win it." He will campaign hard alongside the prime minister in the summer elections.

Mr Heseltine is similarly contemptuous of rumours he has been wining and dining Mr Major's opponents on the Tory right. He has not: "People just invent these things."

But whatever the protestations, he is now rated a strong second to Mr Clarke. The bookies have shortened his odds. He is worth a bet.

Mr Heseltine has reinforced that point all week. His appearance on Monday before Lord Justice Scott was followed two days later by a combative House of Commons performance. Brushing aside a Labour onslaught on the erosion of Britain's manufacturing industry, he almost convinced sceptical observers that the government had a coherent industrial strategy.

To hear him speak in the debate about BMW's recent acquisition of the nation's last volume car manufacturer was almost to believe that he had planned the deal himself. No matter that a few years earlier he had insisted that the British car industry was a vital strategic interest. We should not have been surprised. Mr Heseltine is a political heavyweight in a cabinet with more than its fair share of lightweights.

By Thursday night, he was ruminating on the future of western capitalism in the annual Lord Stockton lecture. It escaped nobody's attention that the man once branded by Thatcherites an interventionist decided to emphasise the role of the private, not the public, sector in ensuring future prosperity. He attacked overregulation in the European Union and even offered a hint that he was no longer quite so

wedded to the European exchange rate mechanism. For one seasoned Westminster observer it was too much: "It's bloody shameless."

If Mr Heseltine is to take the ultimate prize he must win the support of the Tory right. His instinctive pro-Europeanism and industrial interventionism has always been shot through with a streak of ruthless nationalism. No harm in emphasising that now.

But it was his appearance before Lord Justice Scott that most convinced Conservative colleagues that he is running. The political timebomb in the inquiry is not buried in the argument over whether the government secretly changed the rules sales covering defence-related equipment to Iraq. The most dangerous allegation is that ministers were ready to see three businessmen be sent to jail unjustly to cover up its own complicity.

Other ministers, including Mr Clarke, who signed Public Interest Immunity certificates to withhold documents from the court, insisted they had no option. Sir Nicholas Lyell, the attorney-general, had issued a legal instruction.

Not so Mr Heseltine. He had strongly resisted the same instruction. He had agreed eventually to sign only after imposing conditions. He had voiced his determination not to be involved in any cover-up.

It was the approach of a battle-hardened politician: one who had learnt during the row over Westland which led to his abrupt departure from Lady Thatcher's cabinet in 1986 that you should never take unnecessary risks.

But his evidence outraged Sir Nicholas and left a number of colleagues feeling sore. Mr Heseltine was cast by the press in the role of knight in shining armour – other ministers as weak or conniving. Mr Clarke, after all, has promised to resign if his behaviour is faulted.

For his part, Mr Heseltine insists that the media got it wrong: there was nothing in his public evidence that had not already been sent to the inquiry by his department.

He had taken a different decision about his immunity certificate because the secret Whitehall papers it covered were more revealing than those shown to other ministers. He had conveyed his misgivings to colleagues at the time.

All true, but not enough to convince everyone of his good intentions: "I don't know whether he is running. But I do know he didn't do the rest of us any favours at Scott," was the judgment of one minister.

For the moment speculation is running ahead of reality. The Conservative party might decide that casually discarding another prime minister is not the way to win back the British electorate. In the event of a contest, Mr Clarke still has a powerful hold over the centre and left of the party at Westminster. So Mr Heseltine may yet be denied the office he has sought all his political life. But that is no longer certain.

Philip Stephens

Wrinkle, wrangle eastern Star

Simon Holberton and **Kieran Cooke** on Murdoch's Asia problems

Rarely has Mr Rupert Murdoch had to tread so carefully as in Asia this week.

Attention has focused on the role of the Murdoch-owned Sunday Times in provoking Malaysia into curbing trade with British companies. The London-based newspaper alleged that UK businessmen, anxious to win contracts in Malaysia, were involved in discussions about possible under-the-table payments to Malaysian politicians, including the prime minister, Dr Mahathir Mohamad. The Sunday Times denies suggesting Dr Mahathir sought, or was paid, a bribe.

But eight months after his News Corporation paid $525m for a controlling interest in Star TV, the Hong Kong-based satellite broadcasting company, Mr Murdoch's involuntary role as Dr Mahathir's *bète noire* is not the only problem facing the media mogul, whose plans for global expansion focus largely on Asia.

In Hong Kong this week, Star has in effect been excluded from the nascent cable TV market after a dispute with Wharf Cable, the colony's only cable-TV provider. The row centred on the terms on which the latter might have carried its programmes.

In Taiwan, an important business partner has pulled out of an agreement to provide Star with up to $120m of advertising revenue over four years.

Mr Murdoch's problem is not a lack of viewers. An estimated 200m people in 39 countries across Asia and the Middle East – including India and China, the two most populous countries in the world – tunes in to Star daily. His difficulty is in making the venture profitable. And that requires Mr Murdoch – who has made a virtue of thumbing his nose at the establishment – to find a *modus vivendi* with Asia's political leaders.

Many of them, like Dr Mahathir, who has tried to block Star broadcasts to Malaysia, oppose the free flow of information. They are sceptical about western popular culture and have the political power to hinder Star's expansion into new markets. With China this week announcing tighter rules on access to satellite television, the likelihood is increasing that Mr Murdoch will drop the BBC's World Service news from Star's network as a sop to political leaders unused to unfettered news programming.

The News Corp chief does not have much time. The head start Star had, as the first satellite broadcaster in Asia, is being challenged. Time-Warner, the US media company, hopes to forge an alliance with Television Broadcasts (TVB) of Hong Kong, the biggest terrestrial broadcaster in the colony, to launch a competitor satellite network. The US company is discussing investing about $150m in TVB for a 9.9 per cent shareholding.

Mr Gary Davey, Star's newly appointed chief executive, says: "Almost everyone in the world media industry is talking to each other about business ventures in this region. This will be the year when some of those ventures firm up and we have a clearer idea what the long-term picture will look like."

Media observers believe that a combination of Time-Warner's management expertise, TVB's contacts in Asia and its Chinese-language programme library will be a powerful rival to Star.

Given the importance of Asia to his business strategy, Mr Murdoch's decision to set up a home in Hong Kong is characteristic. He moved from Australia to the UK in the 1960s after his acquisition of The News of the World; and to New York and Los Angeles after he embarked on a series of US acquisitions in the late 1970s.

Each venture has brought its own set of worries, and Asia is no different. This time, the immediate problems include:

● The setback to Star's hopes of introducing pay-TV caused by its dispute with Wharf Cable. Star needs to be carried by a Hong Kong cable system, as cable is the most profitable way of distributing and collecting fees for programmes. In theory, Hong Kong, where incomes are on first-world levels, should have been the easiest country in which to

launch such a service.

● A decision in January by Satellite Television Marketing, Star's advertising sales agent in Taiwan, to use the change in the broadcaster's ownership as an excuse to terminate an agreement to provide advertising revenue equivalent to about a quarter of Star's forecast income over the next four years. STM wanted to end the agreement, because the target sales figures were proving over-ambitious.

Star will have to beware of programmes that offend Chinese sensitivities

The failure of the STM alliance is a particularly savage blow, because Star has, as a result, lost its association with the Koo family, which owns STM and is one of Taiwan's most powerful business empires. Star is believed to get the largest share of its revenues from Taiwan, a country where western companies face difficulty in doing business without a local partner. Star is now trying to sell its own advertising space in Taiwan, having decided against forming another alliance.

● The vulnerability of Star's broadcast licence, which Mr Murdoch does not own outright. He owns 63 per cent of a company, which in turn owns 48 per cent of Hutchvision, the holder of the licence to "uplink" Star's signal from Hong Kong to a satellite.

Mr Li Ka-shing and Hutchison Whampoa, the conglomerate he controls, own the remaining 52 per cent of Hutchvision. This lack of control probably explains why, on his recent trip to India, Mr Murdoch canvassed the idea of a separate "uplink" from the sub-continent.

● Star is also susceptible to political interference. Mr Murdoch is well aware of the hostility some Asian leaders have towards western television. Last September, he wrote in The Times of London, which News Corp owns, that advances in communications had proved "an unambiguous threat to totalitarian regimes everywhere".

Subsequently, Mr Murdoch has been buffeted by a stream of criticism from Asian leaders about Star's programming. On a visit to India last month, where Mr Murdoch met Mr P.V. Narasimha Rao, India's prime minister, a government spokesman said the country's image was often tarnished by bias in the foreign media.

Mr Lal Krishan Advani, president of India's opposition Bharatiya Janata party, complained that many of Star's programmes were unacceptable and "could have a serious impact on the cultural outlook of the people".

Dr Mahathir says Mr Murdoch and the western media are trying to incite unrest: "Their main idea is how to create friction and instability, so that if we are unstable, they can compete with us." Indonesia, where Mr Murdoch was last week talking to local companies about joint ventures, is also taking measures to control satellite broadcasts.

But the biggest threat to Star could come from China, both in Hong Kong and on the mainland. When Hong Kong reverts to Chinese sovereignty in 1997, Beijing will hold the whip hand over the colony's regulatory framework. If Star wishes to retain its broadcasting licence, which expires in 2003, it will have to beware of disseminating programmes that offend Chinese sensitivities.

On the mainland, the tighter rules announced this week by Beijing's Ministry of Radio, Television and Film will, for example, allow access to foreign satellites only to hotels catering for foreigners and public institutions, such as financial, media or educational organisations.

The China Communist party's concerns are likely to have been exacerbated by research conducted for Star by the Chinese State Statistical Bureau, which showed that the service may have up to 100m viewers on the mainland.

Ms Chen Zhili, chief of propaganda for the Chinese Communist party in Shanghai, said recently: "The main task is to preserve the national culture against pornography and negative programmes." Star's repeated transmission of BBC footage from the Tiananmen demonstrations of June 1989 was an "insult to the Chinese people", she said.

During his India trip, Mr Murdoch began the process of rapprochement with China, saying: "The Chinese are very sensitive about international news and we have to work out a way of dealing with this. We haven't yet been able to do that." An indication of how far Mr Murdoch is prepared to go to reach an agreement will come when he decides whether Star should continue transmitting the BBC's World Service news. The News Corp chief is considering dropping the BBC, and either airing no news service on Star or carrying an international version of his European Sky news service.

But complaints about Star by Asia's rulers appear to extend beyond its news service, encompassing the Simpsons, a comic cartoon series about an anti-establishment family, and much of its predominantly US programming.

As Mr Murdoch roams Asia from his new base atop Victoria Peak in Hong Kong, it is tempting to write off his regional ambitions. That may be rash, given his reputation for pulling off successes in difficult circumstances. But the range of political and business obstacles he faces make his task formidable.

Spanish demands for fish are a hurdle to EU membership, say **Hugh Carnegy** and **Karen Fossli**

Codswallop – but a big deal for Norway

It is hard to imagine many Spanish fishermen wanting to venture to the bleak waters of the Arctic, where the shoals of Norwegian cod run beneath the icy surface.

But the fear of raiders from the south plundering its jealously guarded fish stocks this weekend stands between Oslo and an agreement with Brussels on terms for Norway's entry to the European Union.

While its Nordic neighbours, Sweden and Finland – together with Austria – concluded accession accords last Monday, Norway held out against demands, led by Spain, that it relax its stubborn insistence that is has "no fish to give" to the EU's fishermen.

To outsiders, Norway's dogged attitude on fish may seem hard to fathom. The Spanish demand for 14,000 tonnes a year from Norwegian waters compares with Norway's total annual catch of more than 2m tonnes. Fish is an important export industry for Norway, but it accounts for less than 3 per cent of gross national product.

Many Norwegians – especially in the business community – privately acknowledge that to sacrifice the wider economic and political benefits of EU membership on the fishmonger's slimy slab would be a big mistake, the more so now that Sweden and Finland are well on the road to joining.


Gro Harlem Brundtland

But few question the political judgment of Mrs Gro Harlem Brundtland, the prime minister, in attaching so much importance to winning a deal that satisfies Norway's demands on fish.

Though it was long ago dwarfed in economic importance by the North Sea oil and gas industry, fishing has remained important to Norway. This is partly for sentimental reasons. The image of the rugged fisherman making his living on the far-flung fringes of northern Europe is as much a part of the national culture as the tough mountain skier.

However, there is also a practical issue at stake. A broad political consensus in Norway favours keeping alive the hard-pressed communities of the distant northern coastal regions – and these communities still depend to a large extent on the sea fishing industry.

The industry has been in long-term decline. This has been considerably offset by the rapid growth of fish farming – but farming still employs only about one-quarter of the 26,000 people who work in the fishing fleet. Meanwhile, fish stocks – and catches – in Norwegian waters have been rising in the past five years thanks to Norway's own quota system and stock management. Hence it is reluctant to make any concession to Brussels that might threaten the achievements to date.

Mrs Brundtland's minority Labour government recognises the political significance of the fisheries issue. In 1972, Norwegians rejected joining the European Economic Community, as the EU then was, in a referendum, after Brussels adopted a common fisheries policy without consulting Norway.

The prime minister of the day, Mr Trygve Bratteli, had staked his Labour government on winning a Yes vote and was forced to quit. Labour was deeply split internally on the issue, and lost a subsequent election.

It is an experience that Mrs Brundtland and her colleagues in the Labour party do not want to repeat. With the party rank and file, like the electorate as a whole, still deeply divided on the merits of EU membership, a "defeat" on its fish demands could make it almost impossible for the government to win another promised referendum on membership.

Mrs Brundtland has therefore been extremely careful throughout the application process. She has said all along that, if she does not win good accession terms, she will abandon the process and settle for Norway's existing membership of the European Economic Area, which gives many of the trade advantages of full EU membership.

But in spite of this tactical stance, Mrs Brundtland is determined to get Norway into the Union. Those close to her say she is convinced of the long-term economic benefits of being inside the Union, as well as the political and security advantages for Norway, which is a Nato member bordering Russia.

"She also thinks it would be a catastrophe – a real catastrophe – for Norway if Sweden and Finland join and we find ourselves outside and isolated," says a senior Labour member. Apart from the lack of influence Norway would then have in Europe, it would risk losing investment in the Nordic area to its neighbours.

The three-time prime minister – she first held office in 1981 – has therefore been plotting to overturn the result of the 1972 referendum since the late 1980s. She secured approval for the 1992 application to the EU at a party convention – thereby gaining an important mandate that averted internal Labour splits. She successfully steered Labour through last September's general election when the anti-EU Centre party became the second largest in the Storting (parliament). Labour not only held on to office, but increased its number of seats.

That left Mrs Brundtland clear to prepare for the present negotiations. The next few days will determine whether she has succeeded in winning a favourable accession accord – as now looks likely – or whether she herself will fall into the tangled netting of Norwegian-EU relations.

Andrew Taylor and **John Willman** on a rise in house prices

The word on the street

The talk over the smoked salmon and chablis at Hampstead dinner parties this weekend might revert for the first time in six years to a favourite topic – UK house prices.

With the news this week that prices were again rising faster than inflation, for the first time since 1989, home owners may be discussing trends in the market with a new sense of optimism. Between 1983 and 1988 home-owners saw the nominal value of their investment double.

With the collapse of the housing market, prices dropped by about 14 per cent on average between mid-1989 and early 1993 – and by double that in some areas. Almost 2m people found themselves living in homes worth less than their mortgage – trapped by negative equity. Those who fell behind with mortgage payments were unable to sell, leading to unprecedented levels of repossessions.

Home-owning – seen in the 1970s and 1960s as a sure-fire way of making money – had lost its lustre. But the long-awaited recovery is now under way, says Mr John Wriglesworth, housing analyst at brokers UBS.

"We are no longer bumping along the bottom of the housing market," he says. "We have now begun to climb the hill."

On Wednesday, Halifax, the UK's largest building society, reported a 2.2 per cent rise in house prices in February, the biggest monthly gain since September 1988. The number of homes sold has also risen sharply, according to the Inland Revenue, which records the completion of sales.

There is good news, too, from the construction industry, with builders reporting that work started on 186,400 new homes in 1993 – nearly a fifth higher than the previous year.

But the recovery will be uneven, cautions Mr Wriglesworth. Halifax's latest figures conflict with a report on Tuesday by Nationwide, the country's second-largest building society, which said average UK house prices had *fallen* by 0.6 per cent in February.

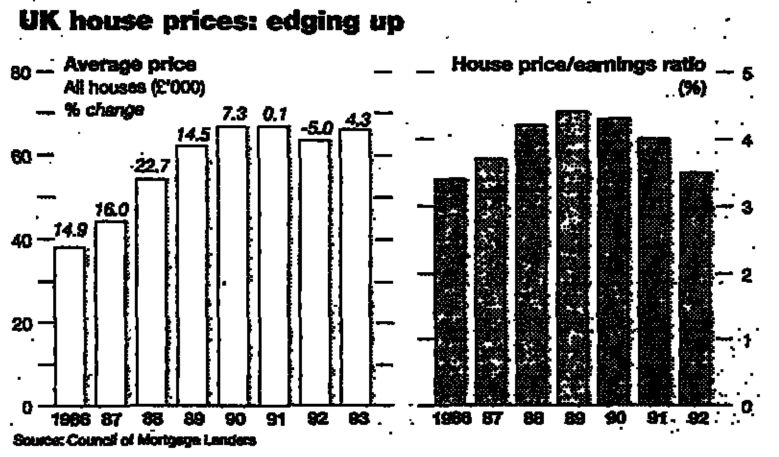
The societies' figures for the previous two months also differed. But the two broadly agree on the annual rate of increase. Nationwide reports a 3.2 per cent price rise in the 12 months to February 1994, Halifax 3.8 per cent.

This modest growth has been sufficient to lift some home owners out of negative equity. The Bank of England estimates the number of households stuck in this trap has fallen almost a third from the peak. But many others will have a long wait until their homes are worth more than the amount of their mortgage – especially if they bought just before prices crashed.

For the 300,000 buyers estimated by the Woolwich Building Society to have held back from buying during the slump, house prices now look like a bargain. The average house price is now just over 3½ times average earnings, having peaked at almost 4½ times in 1989. Today's low interest rates mean the cost of buying a house for a first-time buyer is lower than for decades – 26 per cent of average income, according to the affordability index produced by TSB, the bank.

But no "1980s-style housing boom" is likely, says Mr Wriglesworth. He predicts price rises of 7 per cent for each of the next two years as the market bounces back, but then "medium-term stagnation". One reason is

UK house prices: edging up



Source: Council of Mortgage Lenders

the caution of lenders after the slump in prices. At one stage, more than 800,000 borrowers were in arrears with mortgage payments. About 300,000 homes have been repossessed over the past five years, leaving building societies and banks with large amounts of empty property, often in poor condition.

Even if lenders were tempted to relax their lending practices, insurance companies would veto a return to loans of up to 100 per cent or more of the value of a home. Insurers guaranteed repayment of the top slice of such loans through mortgage indemnity policies – and paid out £2bn in 1991 and 1992, as repossessed homes were sold for less than the debt on them.

The result is that it is becoming difficult to borrow more than 95 per cent of the value of a home. First-time buyers now need £5,000 for deposit and expenses to get onto the bottom rung of the ownership ladder.

The main dampener on house-price inflation over the rest of the decade will be decreasing demand from younger buyers as a result of the falling birth rate, says Mr Martin Ellis of Woolwich building society. The number of 25- to 29-year-olds – the age-group of most first-time buyers – will fall from 4.7m in 1991 to 3.7m in 2001.

"Over the rest of the decade, we expect prices to rise in line with inflation," says Mr Ellis.

If that is so, it will be welcomed by economists, who believe the house price roller-coaster has been responsible for amplifying the stop-go cycle in the UK economy.

"When house prices forge ahead, owners increase their mortgages and spend the money on luxury goods," says Professor Duncan MacLennan of Glasgow University. "In 1988, for example, equity withdrawal injected over £20bn into the economy, the equivalent of over 7 per cent of consumer spending.

"When house prices drop, equity withdrawal naturally falls, depressing demand generally. Home owners also tend to save more in housing slumps, because they feel less secure financially."

Despite cautious predictions from observers, Prof MacLennan worries that the underlying causes of instability in the UK housing market remain. Chief among these is the absence of alternatives to home ownership for most people.

There are signs the decline in the privately rented sectors has been halted. But with just 7 per cent of homes in this form of tenure, it is one of the smallest in Europe. And the chances of the sector expanding have been diminished by the government's failure to offer tax incentives to landlords.

As for the public rented housing provided by local authorities and housing associations, it is subject to long waiting lists. Hence it is hardly surprising that more than 80 per cent of all households say their preferred form of tenure remains owner-occupation.

And with home ownership still hovering at about 65 per cent, there is clearly a large unmet demand for home ownership that could fuel any future house price rises. Dinner tables may yet hum to excited talk of double-digit house price inflation if that demand is to be satisfied.

From Matthews to Malaysia

From Mr David Matthews.

Sir, I have a customer in Malaysia to whom I have sent the following letter:

"Dear Mr Wong,

Everyone in this country is sorry to hear that Malaysia is placing a ban on British products, in our view totally illogically because the English press is not controlled in any way by the British government.

"There seems only one way for the normal businessman to bring this home to your citizens and I am afraid that is by the simple decision not to buy anything else from your country. We will not, therefore, be buying any more bookcases and it is a pity because they are a good product and they are beginning to sell well."

I suggest that similar letters from other readers could only be beneficial!

David Matthews,
Matthews Office Furniture,
61-63 Dale St,
Liverpool L69 2DN

A lesson for the self-righteous

From Mr Sinisa Savic.

Sir, Doesn't your editorial "False moves in Malaysia" (February 28) confirm that Kuala Lumpur's response was justified whatever the consequences?

The Malay government is reacting to the proposition that the British and other Western governments are more civilised, have greater respect for human rights and generally always know better. The contrast between the British "free" press and the Malay press expresses the same idea: "the wogs" do not understand the subtleties of the democratic process.

It is quite ludicrous to imagine a "free" British press. Does anyone recall the coverage of the Gulf war, the grovelling before the Cook report, the demonisation of the Serbs? The muzzle is in place; the difference is that the leash is invisible.

At least the Malaysians have shown some self-respect, and taught the self-righteous a lesson.

Sinisa Savic,
77 Sunnyside Road,
London N19.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Non-executive directors' input is invaluable

From Sir David Plastow.

Sir, I am second to none in my admiration of Sir Owen Green's remarkable leadership of BTR, but I was disturbed by some of the statements he made during the Pall Mall Lecture on UK corporate governance last week, as quoted in your article "Cadbury Critique" (February 25).

Sir Owen's lack of enthusiasm for non-executive directors is clearly the exception that makes the rule in the context of BTR's splendid financial record.

In his own words, Sir Owen is a "pre-Cadbury practitioner", and may I suggest that he lacks any real experience of non-executive director contributions to company success. Having myself served on several listed company boards on both sides of the Atlantic I must say that to suggest that non-executive directors "must blunt the competitive edge and deflect the entrepreneurial drive which characterises participation, let alone success in a free market" is ill-informed nonsense.

On several occasions I have been involved with change at the level of chairman and chief executive which was greatly welcomed by executive colleagues who were unable to initiate the necessary action.

More importantly, in all my experience the outside board directors have demonstrably broadened the vision of the board and, above all, encouraged entrepreneurial drive and development of the company.

Sir David Plastow,
Church Farm Oast,
Boughton Monchelsea,
Kent ME17 4BU

Emily Bronte would very likely have approved of wind farms

From Ms Anne Thompson.

Sir, Nigel Spivey in his article "Bronte country can go with the wind" (Arts: February 26/27) is right to send up the illustrious literary environmentalists who wrote to the Times Literary Supplement on February 18 to call upon the government to ban further wind farms within a 20-mile radius of Haworth.

It may be that there was no place to liberate Emily Bronte's mind quite like the moorland round her home; but that does not mean we can expect to liberate our own minds by returning there, still less by seeking to ensure the skyline does not change. In any case, it appears from her poems that Emily was more interested in the wind (the "blast") than the skyline and nobody is suggesting the turbines damage wind.

It is possible that, if she had been living 150 years later, Emily would have approved of the wind farms. Charlotte Gérin in her biography (Oxford University Press, 1978 p.142) describes how the task of investing the legacies she and her sisters received from their aunt in December 1842 fell to Emily, and how that strong-minded person took shares for her sisters and herself in the York and North Midland Railway Company, which had been started in 1839. It would appear Emily Bronte was not afraid of innovations.

Anne Thompson,
11 Bettridge Road,
London SW6 3QH

Self-destruct landmines do not guarantee protection

From Mr Nicholas Hinton and Mr David Bryer.

Sir, The FT is to be congratulated for pointing out that landmines cause carnage among civilians in many countries around the world ("Effort for global ban on landmines", February 28). The review of the international law governing the use of landmines, the UN's 1980 Inhumane Weapons Convention, beginning in Geneva this week, presents an opportunity to protect future generations of civilians from these terrible weapons.

The existing international law has numerous faults. It only seeks to restrict the *use* of landmines, not their production and export. Restricting use is an almost futile task once they are in the hands of most of the world's combatants, especially given that there is no monitoring or enforcement system. Further, existing law applies only to international conflicts, when the great majority of anti-personnel mines are used in internal conflicts.

Your article mentions that anti-personnel mines might be improved by adding self-destruct mechanisms. We have grave reservations about an exception being made for such devices. Self-destruct mechanisms are not foolproof. Independent experts estimate that failure rates are likely to be about 10 per cent. Thus, a minefield originally containing 100 mines will still contain 10 deadly mines. The land will still be a death-trap, unusable to local populations.

And mine clearance operations will still be dangerous, expensive and time-consuming, since it must be assumed that every mine is still armed. For the first time in more than a decade, national delegations attending the review process, including the UK delegation as observers, have the opportunity significantly to tighten the present UN Convention to protect innocent civilians. It would be a tragedy not to do so.

Nicholas Hinton,
Save the Children Fund
David Bryer,
Oxfam

COMPANY NEWS: UK AND IRELAND

US advance helps lift Cookson 59% to £95m

By Paul Taylor

Strengthening US markets, particularly in the final quarter, helped Cookson Group, the specialist industrial materials company, to report a 59 per cent increase to £95m in pre-tax profits for 1993.

The results compared with restated profits of £59.9m and highlighted the refocusing of the group over the past few years under Mr Richard Oster, chief executive.

Earnings per share rose by 51 per cent to 12.1p (8p) and the *proposed final* dividend is lifted 10 per cent to 3.3p, making a total of 6.3p (6p).

The shares gained 13p to 266p.

Cookson's electronic materials and plastics businesses, both of which have a large presence in the US, led the advance with operating profits up 63 per cent and 48 per cent respectively.

Turnover increased by 16 per cent to £1.43bn (£1.24bn) including £759.3m from the US.

Mr Oster said the market growth experienced by the group in the US and east Asia during the first half of 1993 continued and, in some markets, strengthened in the second half.

Richard Oster: growth in the US and east Asia continued

Commenting on the outlook, he said: "So far in 1994, market conditions remain similar to those experienced in the last quarter of 1993. The US continues to perform strongly in most areas, the UK is improving and continental Europe appears, on the whole, not to be getting any worse".

The disposal of non-core businesses added about £7.9m to the pre-tax result. Excluding these gains, and the effects of currency movements, pre-tax profits increased by 34 per cent. At constant exchange rates turnover increased by 5 per cent and operating profits were 18 per cent higher.

Overall, operating profits grew by 32 per cent to £110.5m (£83.4m), which helped lift the return on sales to 7.7 per cent (6.7 per cent).

Electronic materials contributed £36.7m (£22.5m) to operating profits while plastics provided £19.7m (£13.3m). The ceramics division was flat at £34.7m (£34.4m) while engineered products, buoyed by the US-based precious metals business, improved to £19.4m (£13.3m).

Net interest costs declined to £23.4m (£27.2m).

Following the successful £185.6m rights issue a year ago and the sale of some non-core businesses, year-end gearing dropped from 76 per cent to 28 per cent.

See Lex

Turnround to £15.8m at Hambro Countrywide

By Simon Davies

Hambro Countrywide, the estate agent and financial services chain, yesterday announced its return to profitability in 1993, as a result of increased house sales and profits from investment disposals.

Mr Harry Hill, joint managing director, was confident of strong sales growth in 1994, and said the company was keen to acquire a sizeable estate agency chain to add to its network of 446 offices.

The company reported pre-tax profits of £15.8m (£1.58m deficit) last year, after five consecutive years of losses. Turnover rose from £90.8m to £96.9m.

The results were significantly lifted by the £12m profit from the sale of investments in Hambro Legal Protection and Hambro Countrywide Security.

The estate agency division cut losses from £13.6m to £2m, and has started to open new offices, reflecting renewed confidence after years of retrenchment.

The company owns Hambro Guardian Assurance, which became a fully-fledged life assurance company in October upon the expiry of a five-year link with Guardian Royal Exchange on reassurance and policy administration.

Life assurance activity contributed a pre-tax profit of £10.7m (£10.8m), and Mr Hill expected the decoupling from GRE to boost profitability.

Hambro's strategy is to sell financial services, mortgages, and property-related services through its estate agency network. The key to rising profits is, therefore, rising house sales.

During 1993, Hambro sold 47,275 houses, a 21 per cent increase over 1992.

In the first two months of the current year, Hambro has achieved a 34 per cent increase in the number of house sales in the hands of solicitors.

Hambro is cash neutral. Mr Hill said the company was keen to pick up 200 to 300 new offices from one of several unwilling owners of estate agency chains.

A final dividend of 0.25p is proposed, making a total of 0.75p for the year. Earnings per share amounted to 4.43p (0.67p losses).

Henlys recovers and seeks £26m

By Paul Taylor

Henlys Group, the motor trading and bus and coach manufacturing and distribution company, plans to raise £25.8m through a 1-for-4 rights issue at 280p.

The group, which yesterday also reported 1993 results showing a profits turnround and a raised final dividend, said proceeds would be used to strengthen the balance sheet and to expand the core motor division, both organically and through acquisition. The shares rose 7p to 352p.

Higher new and used car sales and a turnround in the bus and coach business underpinned the recovery. Pre-tax profits of £7.31m compared with a restated loss of £2.08m in 1992 when the group was hit by £2.18m of exceptional charges, including costs of fighting off a hostile takeover bid from T Cowie.

Turnover grew by 12 per cent to £372.2m (£331.1m), led by the motor division which lifted sales from £265.3m to £306m. Operating profits more than doubled to £9.17m (£3.8m) with the motor side contributing £7.28m (£5.77m), largely as a result of improved trading.

New vehicle volumes increased by 18 per cent with retail sales up 13 per cent, while used car volumes grew by 19 per cent.

Coach manufacturing and sales operations recorded an £1.89m operating profit, compared with a £1.97m loss, on turnover little changed at £66.2m (£65.9m). Yesterday the group acquired from Charterhouse Development the 50 per cent of the Roadlease Contracts financing business which it did not already own for £50,000.

Pre-tax profits were further boosted by a £250,000 gain on property disposals, a £286,000 (£257,000) share of profits of Roadlease and a sharp reduction in net interest costs, which fell to £2.4m (£3.95m), reflecting lower interest rates and reduced borrowings.

Net borrowings fell by £9.7m to £16.1m at end-December, representing gearing of 32 per cent. Proceeds of the rights issue, fully underwritten by Charterhouse, will be used to virtually eliminate term debt, reducing gearing to about 2 per cent.

Panmure Gordon is stockbroker to the issue.

● **COMMENT**

Although the resurgence of the car market has helped, Henlys' management deserves credit for steering the group back to profit. Although some 80 per cent of group profits now come from sources other than new cars, *forecourt* sales still drive the rest of the motor business. The rights issue is well timed and deserves support since it should enable the group to fully capitalise on the recovering market and to expand geographically through acquisitions. Pre-tax profits could reach about £11.7m this year producing earnings of 19p and the board is predicting 7.5p of dividends. The shares have gained almost 250p over the past 12 months and now trade on a prospective p/e of 18.5.

James Crean in the black with I£15.9m

By Tim Coone in Dublin

A turnround from pre-tax losses of I£15.4m to profits of I£15.9m (£15.3m) was announced by James Crean, the Dublin-based industrial holding company, for the year to December 31.

The 1992 loss was after an exceptional I£32.4m charge for the write-off of IAS, an aircraft leasing subsidiary. There was an exceptional I£300,000 charge in 1993 relating to a disposal.

Operating profits dropped by 8 per cent to I£22.2m on turnover up 8 per cent at I£245m.

The company said that competitive market conditions had squeezed margins, especially its office products division.

However, Mr Brian Molloy, chief operations officer, pointed to the overall *sales growth across the group which he* said was indicative of a lifting of recessionary conditions and should bring "a sharp upswing in margins" in its wake.

Net borrowings at the year-end were I£77.8m (I£69.7m). Last month the group announced a 35-for-100 rights issue, together with a convertible loan stock issue, to raise a total of I£62.8m before expenses. This will be used to reduce gearing to 40-50 per cent, leaving between I£15m and I£25m for acquisitions being sought in the food sector in the US and electrical wholesaling sector in the UK.

Inishtech, the 70 per cent-owned subsidiary which earlier this week announced an 11 per cent growth in pre-tax profits to I£8m, contributed 40 per cent of Crean's profits. Crean has announced its intention to acquire the remaining 30 per cent of Inishtech through a share swap, but Inishtech's independent directors have now *indicated that they will seek a cash alternative* in any offer. This could absorb a significant part of the funds being raised for other acquisitions.

Earnings per share, after goodwill amortisation and exceptionals, were 20.6p (76.1p losses). Unadjusted earnings were 27.4p (29.3p).

A final *dividend of* 7.865p (4.635p) is recommended for a total of 13.5p (12.5p).

● **COMMENT**

Crean has seen its turnover almost double in the past five years, but profits and earnings per share have been declining since 1989 while gearing has leapt to 83 per cent. Shareholders are now to be called upon to clean up the balance sheet, through a rights issue at a tempting 20 per cent discount to the current share price of 325p. Fully diluted earnings of 25p per share can be expected in 1994, giving a prospective p/e of 13, cheapish for the sector, but maybe rightly so given performance to date.

Scottish Power accelerates growth with Clydesdale buy

By James Buxton, Scottish Correspondent

Scottish Power believes it has accelerated its expansion into the English electrical goods retail market by several years through the acquisition yesterday of 50 out-of-town superstores from the receivers of the Clydesdale Group, which collapsed at the end of January.

The deal, along with the sale of Clydesdale's rental book for £8.3m to UK Consumer Electronics, part of Granada Group, means the break-up of the Clydesdale chain which failed because of under-capitalisation, poor sales, and a costly expansion programme in England.

Grant Thornton, the receivers, should realise up to £42m from the two deals, and hopes eventually to achieve asset sales of about £70m. Creditors are owed about £80m.

It said the bid from Scottish Power was the best of three substantial offers.

The purchase of the superstores in the Midlands and the north of England is part of a deal worth up to £34m under which Scottish Power will acquire 36 superstores in England and 14 in Scotland. It will pay £16.9m for the stores themselves, and up to £17m for their stock, subject to a physical check.

The deal means that Scottish Power will increase the number of its superstores in England from two to 38, and in Scotland from 12 to 26. Its retail operation, which includes a number of stores selling brown as opposed to white goods, as well as 90 high street shops, made an operating profit of £4.5m last year on sales of £90.2m.

Mr Duncan White, one of Scottish Power's two chief operating officers, said yesterday that it had been proving difficult to secure the space it needed for its expansion on retail parks. That problem was now solved, he said.

The company said it was not able to bid for the whole group because that would have raised monopoly issues with the Office of Fair Trading, given its market share in the Scottish white goods market, estimated at over 30 per cent. It held discussions with the OFT prior to concluding the deal with the receivers to establish what would be acceptable.

The receivers are negotiating with potential purchasers of Clydesdale's loan book, which it hopes will realise £25m, and have received expressions of interest for some of the high street stores.

Mr Allan Griffiths, one of the receivers, said the deals with Scottish Power and Granada would secure the jobs of 600 of the 1,400 Clydesdale employees. Consultations with staff on possible redundancies will begin on Monday.

Union launches £10.9m rights issue

By Simon Davies

Union, the City discount house, yesterday announced a £10.9m rights issue to restore shareholders' funds following its disastrous foray into asset leasing.

The 2-for-5 issue is priced at 150p, and up to 7.6m new shares will be issued.

The shares fell 6p to 176p.

The announcement follows Union's recent return to profitability under a revitalised management. Mr George Blunden, chief executive, described the cash call as a "balance sheet rebuilding exercise".

He said Union's discount house had been forced to turn down orders because of Bank of England regulations on capital adequacy. Shareholders' funds had fallen from £81m to £37.5m between 1991 and 1993.

The cash call may prove to be an interim measure, as it will shore up capital in existing discount operations, rather than fund development of new fee earning businesses.

"The future growth is about fee earning services, not raising capital to build trading positions in the market", Mr Blunden said.

The rights issue represents the final stage in a turnround in Union's business since Mr Blunden joined the board in June 1992 from Warburg Securities' discount house. The company suffered pre-tax losses of £24m and £16m in 1991 and 1992 respectively, resulting from the poor performance of its asset leasing businesses.

New management was forced to sell businesses to survive, including Winterflood, the profitable stockbroking subsidiary.

The company plans to build upon its long-established money markets client base, by developing fund management, equity and gilt-edged market-making, derivatives and consultancy businesses.

Its discount house and leasing business provided the bulk of the £4.5m pre-tax profit in 1993, but future growth will come from new businesses.

Analysts expect profits to reach £6m in the current year, and initial forecasts suggest the 1995 outcome should exceed £7.2m. On a post-rights price of 168½p, the shares are trading at a p/e of 10.5 and a discount to an adjusted net asset value per share of 182p. Brokers expect the issue to be strongly supported.

Tussauds invests £28m in Spanish theme park

By Tom Burns in Madrid

The Tussauds Group, a subsidiary of Pearson, owner of the Financial Times, is investing up to £33m in a theme park that will open at the resort town of Salou, south of Barcelona, next spring.

The UK group is to make an initial £27.5m investment to acquire a 40.01 per cent stake in the theme park, known as Tibigardens, with an option to acquire a further 10 per cent within five years of its opening.

Tussauds will obtain the contract to manage Tibigardens and provide £9.8m in loans for start-up costs. The venture represents its first big move outside the UK where it owns Alton Towers and Chessington World of Adventures.

Tibigardens is a smaller scale Euro Disney and aims to draw some 3m visitors from April to October.

A key attraction for Tussauds is understood to be the potential partnership possibilities it offers with Anheuser-Busch, the US food and drinks group whose leisure arm, Busch Entertainment, designed Tibigardens and owns 20 per cent of its equity.

Busch Entertainment runs nine theme parks in the US and chose Salou as its first European investment shortly after Walt Disney opted for Marne La Vallée, near Paris.

The other shareholders are La Caixa, Spain's leading savings bank, and Fecsa, the local electricity utility.

Inspec market float gives £100m valuation

By David Wighton

Inspec Group, the speciality chemicals company which was a £40m buy-out from British Petroleum 18 months ago, confirmed that it is coming to the market via a placing and intermediaries offer valuing it at over £100m.

The flotation will raise just under £50m – the limit for an intermediaries offer – of which about £37m will be new money. The offer price will be announced on March 17.

The FT-SE 100 index has fallen almost 6 per cent since Inspec announced its plan to go public a month ago, but Mr John Hollowood, chairman, said the market weakness would have little impact on the flotation.

Inspec will use the proceeds to pay off expensive buy-out debt and £5.45m of deferred consideration to BP.

Following the flotation, there will be debt of some £7m and net assets of £22m, to give gearing of about 32 per cent. Mr Hollowood said that after-tax profits for 1993 would have been £7.5m on a pro-forma basis, including a full year from recent US buy Allco and flotation proceeds.

Sir Charles Tidbury, former chairman of Whitbread, has joined the board as non-executive deputy chairman and Mr Julian Sheffield, chairman of Portals, is to be a non-executive director.

The flotation is being handled by Morgan Grenfell with Cazenove as brokers.

Restructuring costs push Coutts Consulting into red

By David Blackwell

Restructuring costs pushed Coutts Consulting Group, the career consultancy, outplacement and residential training company, £4.89m into the red at the pre-tax level for the year ended December, against a profit of £1.22m last time.

At the operating level, however, the group was £701,000 in the black, including an £823,000 loss on discontinued operations, mainly accounted for by the bank training division, sold to Euromoney Publications last June. This compares with £1.77m, including a loss on discontinued operations of £616,000, in 1992.

Turnover from continuing operations climbed from £14.9m to £16.7m. Discontinued operations contributed £1.75m this time, compared with a previous £4.77m.

The career management and outplacement operations increased profits from £2.19m to £2.33m before exceptional operating costs. Turnover in the division rose from £11.9m to £14.1m.

Sir Kit McMahon, chairman, said that the problems which had been holding the company back had been resolved.

Orders and management figures for the first two months of this year "are both encouraging and our cashflow is strong".

The group said all the main objectives of the reorganisation had been achieved – the termination of its costly long-term lease in London's Docklands, which resulted in a total charge of £6.45m; the capital reconstruction that had been hampered by Mr Barry Topple, the former chief executive; and the disposal of the training division, which resulted in a £1.29m gain.

Debt has been reduced from £6.28m in June to just over £6m at the end of the year, and the group expects the strong cashflow to continue the reduction.

The £1.3m proceeds from the sale of Winkfield Place, expected to be completed at the end of this month, will also be used to reduce borrowings.

Losses per share were 20.56p, compared with earnings of 1.85p.

Sir Kit said the board was "devoting its efforts" to the need to pay off arrears on the preference dividend and to resume ordinary dividends.

The group said all outstanding issues with Mr Topple, who owns 70 per cent of the preference shares, had been resolved.

He has been paid £180,000 for the termination of his contract and been recompensed for some legal expenses.

NTL expands in £6.6m deal

NTL, the broadcast transmission and telecommunications company, has bought an organisation specialising in mobile communications for emergency services in a £6.6m deal, writes Raymond Snoddy.

DTELS was a government agency which used to be part of the Home Office. It installs and maintains mobile communications from 56 sites around the UK and employs nearly 500 people.

The deal means that NTL will be the majority supplier of mobile communications for the emergency services.

A total of seven bids were received for DTELS, although in the end the battle was between NTL – which is expected to have a turnover of about £120m this year – and Pell Frischmann, the consulting engineers.

Later this year, NTL will consider whether to apply for a flotation following completion of three years' accounts as a private company.

Litho Supplies up 30% as sales start to improve

By Tim Burt

The first signs of recovery in the commercial printing industry helped boost profits by 38 per cent at Litho Supplies, the printing products distributor which came to the market last November.

Maiden results of the Midlands-based group showed pre-tax profits ahead to £4.63m *(£3.35m) in the 12 months to* December 31.

The rise was fuelled mainly by rising sales in southern England in the last quarter, which helped overall turnover improve 10 per cent to £60.2m (£54.7m).

Mr John Byford, joint managing director, said that before last September – when demand started to increase – trading conditions had been patchy at best.

"We began to see an upturn at the end of last year, but it has not been a dramatic improvement," he said.

The pick-up, however, was enough to push year-end profits 7 per cent ahead of flotation forecasts of £4.33m.

Of the three distribution arms, sales by the electronic equipment division showed the sharpest increase, up 87 per cent to £8.4m (£4.5m).

Turnover rose by a more modest 4 per cent in consumable products such as film, chemicals and printing plates. The division continued to dominate the business, accounting for £49.1m (£47.3m) of sales.

Mr Byford said an improved performance by these two businesses *helped offset weak sales* of traditional printing equipment, down £200,000 at £2.7m.

Together, the divisions contributed to a 21 per cent increase in operating profits to £5.7m (£4.72m).

The results were also boosted by a cut in interest payments following the group's decision to use most of the proceeds of last year's £14.1m placing and intermediaries offer to cut borrowing to £2.1m (£10m).

Earnings per share were 12.9p (8.6p) and a dividend of 0.7p is payable for the period between flotation and the year end.

The shares, placed at 190p last year, were unchanged at 274p.

ML signs Icodextrin deal

ML Laboratories has signed the long-awaited worldwide marketing deal for Icodextrin, its glucose polymer solution for use in kidney dialysis, writes David Wighton.

It is to form a joint venture with Fresenius of Germany, a world leader in dialysis, which will have the exclusive rights to sell Icodextrin in all markets apart from Japan.

Icodextrin is addressing the £500m a year market for solutions used in continuous ambulatory peritoneal dialysis, which cleans the blood of kidney patients without the use of expensive dialysis machines.

Icodextrin will be launched in the UK in May and ML hopes to gain approval in other European countries within the next few months.

NEWS DIGEST

British Data ahead 10% at £1.75m

Pre-tax profits of British Data Management, the specialist data management and storage group, showed a near-10 per cent improvement from £1.6m to £1.75m in the six months to end-December.

Turnover increased to £8.18m (£7.04m), reflecting a full contribution from the three commercial data management businesses *acquired last year.*

At the operating level profits rose to £2.06m (£1.65m), principally because of the replacement of rental charges with correspondingly higher interest costs from the acquisition of property previously held on leasehold terms. The interest cost on the acquisition loans amounted to £210,000, pushing the total charge up from £53,000 to £311,000.

Earnings per share were 5.7p (6.3p). The interim *dividend* is raised to 1.65p (1.5p).

Goldsborough even on first day dealings

Shares of Goldsborough Healthcare, the nursing homes, hospitals and homecare group, ended their first day of dealings at 170p, equal to the issue price.

Although opening below the issue price, and touching a low point of 158p, the shares recovered during the afternoon.

The public offer part of the flotation had been marginally undersubscribed and the pricing had been criticised for being a few pence too greedy.

Net asset boost for Latin American

Latin American Investment *Trust had a net asset value of* $2.62(179p) per share at December 31, against $1.83 a year earlier – a rise of 43 per cent.

The fully diluted figure was $2.32 ($1.69).

Attributable revenue amounted to $240,000 (losses of $175,000) for earnings of 0.32 cents per share (losses of 0.23 cents).

Lloyds Smaller net asset value up 36%

The split-capital Lloyds Smaller Companies Investment Trust saw its net asset rise 36 per cent over the 12 months to January 31.

The rise – from 97.5p to 132.7p per capital share – narrowly outperformed the FT-SE SmallCap excluding investment trusts, which rose 35 per cent over the same period.

Net revenue declined to £867,000 (£1.08m) for earnings per dividend share of 3.53p (4.21p). The final dividend is maintained at 1.85p, bringing the total to 3.6p (3.55p).

Smaller Companies IT asset value ahead

Net asset value per share of Smaller Companies Investment Trust rose by 74 per cent from 84.1p to 146.4p over the year to *December 31. Fully diluted,* the value rose by 67 per cent to 140.7p.

Earnings per share fell to 3.04p (3.19p) and again no final dividend is proposed. Interims totalling 2.6p (same) have been paid.

Albert Fisher buys Campbell arm

Albert Fisher, the food processing and distribution group, has acquired Campbell Chilled Foods, a subsidiary of Campbell's UK, for a maximum of £6.5m.

The consideration comprises £5.6m cash together with the assumption of £900,000 of debt – subject to final adjustment based on net assets at completion.

Campbell Chilled Foods trades under the Wrights of York name and had operating profits of £886,000 on turnover of £12m in the year to August 1 1993.

Waterman Partners nearly doubled

Waterman Partnership Holdings, the consulting engineer, nearly doubled pre-tax profits from £56,000 to £106,000 in the half year to December 31.

In London the group continued *to trade profitably* and a number of new commissions were won. However, the volume of international work decreased because of recession in western Europe and political instability in Russia.

Turnover rose to £3.98m (£3.62m). Earnings per share were static at 0.2p and an *unchanged interim dividend of* 0.5p is declared.

Murray Intl net assets at 382.6p

Murray International Trust reported net asset value per share of 382.6p at December 31 up from 293.2p a year earlier.

Net revenue for 1993 came out at £13.2m (£13m) for earnings per share of 11.1p (10.9p) or 10.95p (10.75p) assuming full conversion of the B shares.

As forecast the final dividend will be 3.5p for a total of 11.6p. It is now forecasting a final for 1994 of 3.5p for an unchanged total of 11.6p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Data ......int	1.65	Apr 28	1.5	-	4.75
Cookson ......fin	3.3†	July 1	3	6.3	6
Crean (James) ......fin	7.865‡†	July 29	4.635	13.5	12.5
Hambro C'wide ......fin	0.25†	July 4	nil	0.75	0.05
Henlys ......fin	3	Apr 12	2	4.5	3
Litho Supplies ......fin	0.7♥	May 30	-	0.7	-
Lloyds Smaller ......fin	1.85	May 6	1.85	3.6	3.55
Smaller Cos IT ......fin	-	-	-	2.6	2.6
Waterman Partshp......int	0.5	Apr 15	0.5	-	1

Dividends shown pence per share net. †On increased capital. ‡Irish pence. ♥For period from flotation to December 31.

Credit Suisse rises 53% despite provisions jump

By Ian Rodger in Zurich

Credit Suisse, the flagship universal bank within the CS Holding financial services group, has reported a 53 per cent rise in consolidated net income in 1993 to SFr1.46bn ($1.02bn) in spite of an 81 per cent jump in loss provisions to SFr2.8bn.

The figures are distorted by the effects of the acquisition of Swiss Volksbank early last year, although the main business trends – huge gains in income from trading and services more than offsetting depressed interest income and the cost of bad loans – stand out.

Trading income, the largest source of group profit, soared 118 per cent to SFr3.4bn. The London-based 50 per cent owned derivatives subsidiary, *Credit Suisse Financial* Products, more than doubled its net income to SFr444m.

Commission income, mainly from asset management, jumped 54 per cent to SFr2.6bn. Interest income was up 20 per cent to SFr2.8bn but solely due to the consolidation of Volksbank. Both banks saw declines in their interest income. Excluding Volksbank, profit before taxes and provisions was up 62 per cent to SFr4.6bn. Including Volksbank, the figure was SFr5.1bn, up 79 per cent.

Volksbank, which was close to collapse when CS made its SFr1.6bn agreed bid in January, 1993, was also responsible for SFr727m of the SFr1.26bn growth in the group's provisions. In addition, the group provided a SFr270m extraordinary contribution to Volksbank to enable it to show a nominal SFr2m net income.

Total Credit Suisse group assets at the year end were up 34 per cent to SFr232bn.

Microsoft issues new MS-DOS after verdict

By Louise Kehoe in San Francisco

Microsoft has moved quickly to issue a new version of its widely used personal computer operating system software, MS-DOS , following last week's verdict in a Los Angeles court that the company is guilty of patent infringement.

Last week, Microsoft was found to have infringed patents held by Stac Electronics, a small California software company, and ordered to pay $120m in damages. The patents cover data compression technology used to double the storage capacity of a personal computer hard disk.

Stac is seeking an injunction to halt Microsoft's sales of programs containing the offending technology. These include MS-DOS 6.0 and 6.2, the operating system software that is normally installed in new PCs before they are shipped from factories.

Microsoft said that it has begun sending English language copies of MS-DOS with the data compression feature removed to 1,300 PC manufacturers worldwide.

Other European language versions will follow within a few days.

Microsoft said that in light of the verdict it was also removing data compression from several other products. Most users will not notice the changes, the company said.

Stac has asked the court to force Microsoft to withdraw all offending products shipped since February 1. This would include Microsoft software and PCs pre-loaded with software that is currently on the shelves of computer stores.

However, Microsoft said that it does not anticipate any "material" disruption of the supply of any of its products.

Microsoft continues to deny patent infringement and said that it will ask the judge to overturn the jury verdict and, failing that, it will appeal.

Banks to step up pressure on Walt Disney

By Alice Rawsthorn in Paris

The Euro Disney banks plan next week to step up pressure on Walt Disney, the US entertainment company, to reduce its entitlement to royalty payments and other fees from the troubled leisure group.

Representatives of 63 international banks in the Euro Disney loan syndicates yesterday met in Paris to be briefed on the progress of negotiations over its FFr13bn ($2bn) emergency financial restructuring between their steering committee and the Disney companies.

The meeting, which lasted all day, was a continuation of a previous session on Wednesday.

The steering committee, led by Banque Nationale de Paris and Banque Indosuez, has for the past fortnight been holding informal negotiating meetings with Euro Disney and Walt Disney.

One of its main objectives is to ensure that the US group plays a larger part in the final restructuring package thereby sharing the burden of rescuing Euro Disney.

Walt Disney has set a deadline for the completion of the rescue. However, it is understood to be willing to continue its financial support for Euro Disney after that date, providing the banks have agreed to an outline deal.

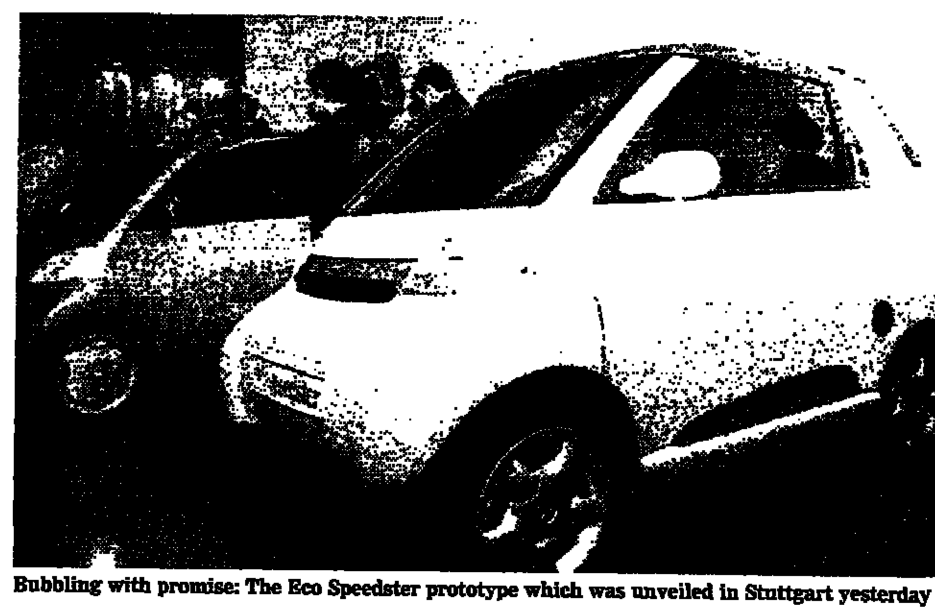
The banks yesterday were given a full presentation of the investigative audit into Euro Disney that they commissioned from KPMG Peat Marwick, the consultancy group.

KPMG endorsed recent changes in the management of the EuroDisneyland theme park.

The banks, which had originally considered recommending radical changes in Euro Disney's strategy and senior personnel, issued a statement saying that the lossmaking group was "moving in the right direction".

Micro compact car set for 1997 launch

By Kevin Done, Motor Industry Correspondent, in Stuttgart



Bubbling with promise: The Eco Speedster prototype which was unveiled in Stuttgart yesterday

Mercedes-Benz, the German executive and luxury carmaker, and SMH, the Swiss watchmaker, are aiming to launch a "micro compact car" in Europe by 1997-98.

The two companies are to form a joint venture incorporated in Switzerland in which Mercedes-Benz will hold a 51 per cent stake and SMH, the maker of Swatch watches, 49 per cent.

The combination of the prestigious German luxury carmaker and SMH, the company which masterminded the rescue of the Swiss watch industry with the development of the high quality, low-price Swatch, is unprecedented in the world automotive industry.

The two groups are aiming to open up an entirely new segment at the bottom of the car market for a two-seater urban micro car that would be only 2.5m long (significantly shorter than the 3.05m Rover Mini) allowing it to be parked in congested cities head-on to the pavement in the gap between other parked cars. It is expected to cost less than DM20,000 ($11,739).

Mercedes-Benz disclosed yesterday that it had been working on concepts for a micro city car since the early 1980s. It unveiled yesterday two prototype micro compact cars that have been designed and developed at its California design studio.

The expertise of the Swiss watchmaker, which has been working for more than three years on its own Swatchmobile project for an environmentally friendly city car, is chiefly in the development of a hybrid electric/petrol propulsion system, in micro-electronics, low cost modular production, and in the marketing of high volume low-cost fashion products, like the Swatch.

Mr Nicolas Hayek, chairman of SMH (Ste Suisse Microelectronique et d'Horlogerie) and the creator of the Swatch revolution in the world watch industry, said the joint venture would aim to sell the micro city car worldwide.

The name of the new car and the possible distribution channels were still to be developed by the joint venture, said Mr Helmut Werner, chief executive of Mercedes-Benz.

A separate franchise would be created which could use both the Mercedes-Benz and the Swatch names.

Mercedes-Benz's decision to press ahead with the development of a micro city car comes only a few months after its announcement that it planned to develop a small four-passenger car sized between a Ford Fiesta and a Volkswagen Golf.

A concept small car, the Vision A-93, was unveiled last year, and the small car – to be sold under the Mercedes star – is scheduled to enter production at Mercedes-Benz's Rastatt plant in south-west Germany in 1997 with a volume of up to 200,000 cars a year.

Mr Jürgen Hubbert, director of the car division, said that a production version of the micro car would be around 2.5m long and 1.4m wide. The car would be high to create inside space. There would be room for two passengers and some luggage and the car would meet all the safety and emissions standards of larger cars.

The short but high shape of the car will allow the engine and gearbox to be positioned under the passenger compartment. Mercedes-Benz is aiming at a top speed of 140kph for the micro car, a range of 500km and acceleration of zero to 100kph in 13-14 seconds. Petrol, electric and hybrid propulsion systems are possible.

Isuzu Motors link with Suzuki to be dissolved

By Michiyo Nakamoto in Tokyo

Isuzu Motors, the Japanese truck and commercial vehicle maker, and Suzuki Motor, the largest minicar producer in Japan, have agreed to dissolve their business ties after almost 13 years.

The agreement, which frees each company to sell its stake in the other, highlights the growing willingness of Japanese companies to unwind business ties which have outlasted their usefulness. Susuki holds a little over 1 per cent of Isuzu shares and Isuzu just over 2 per cent of Suzuki.

Isuzu, which is 37 per cent owned by General Motors of the US, and Suzuki, in which GM has a 3 per cent stake, formed their business and capital link in 1981 with the blessing of GM and in the hope that as fellow members of the American group a tie-up would bring significant benefits.

However, the link has only led to a deal in which Suzuki provided Isuzu with vans on an OEM (original equipment manufacturer) basis and one in which Suzuki's commercial vehicles were manufactured at an Isuzu facility in the UK which it jointly owned with GM.

The former resulted in just 1,500 vans being made between 1986 and 1988 while the latter led to 72,000 vehicles until last year. Both projects were abandoned after the vehicles proved unpopular.

The two companies have had difficulty finding new joint business opportunities and none have been formed since August last year. Isuzu is a maker of trucks and large commercial vehicles while Suzuki makes cars under 1000cc.

Earnings rise 24% at Brierley Investments

By Terry Hall in Wellington

Brierley Investments, of New Zealand, reported a 24 per cent rise in earnings to NZ$140.4m (US$79.9m) for the six months to December 31, from NZ$112.7m a year ago.

The improvement was in spite of providing for a NZ$36m loss on the sale of the group's 27 per cent interest in Dominion Breweries.

Directors said the main contribution to the rise in trading profits by NZ$6m to NZ$148m was an improved performance from the company's main investment, Mount Charlotte in the UK, and good performances from Air New Zealand, Carter Holt Harvey, Sealord Products, and Australian Consolidated Investments. They said the profit increase was achieved in spite of reducing shareholdings in subsidiaries.

Lufthansa sell-off may get under way this year

By David Waller in Frankfurt

The German government yesterday reaffirmed its commitment to privatising Lufthansa, and indicated that the process could get under way this year.

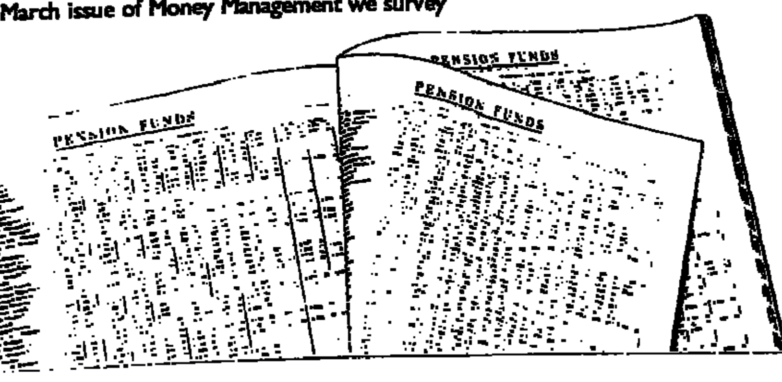
An official from the finance ministry told the Reuters news agency that the government intended to give up its majority holding in the airline in 1994, although details of how it will take its stake below 51 per cent have yet to be worked out.

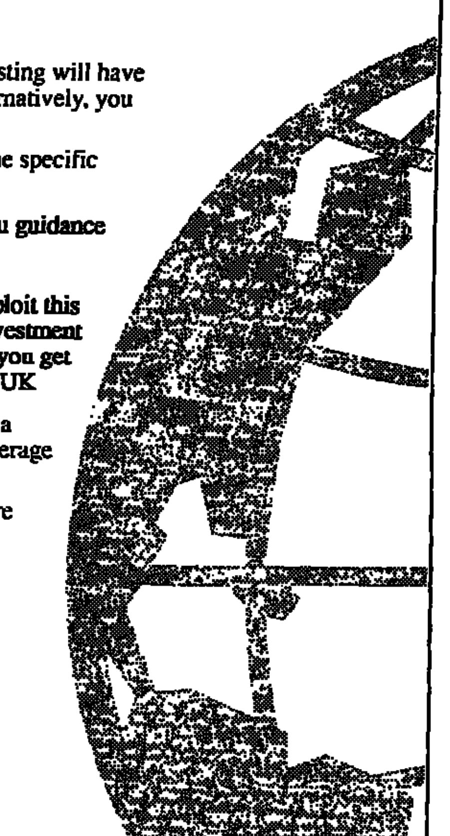
The comments from Mr Eckart John von Freyend, director of government holdings at the finance ministry, follow recent indications from Mr Theo Waigel, finance minister, and Mr Matthias Wissmann, transport minister, that the privatisation process will begin this year.

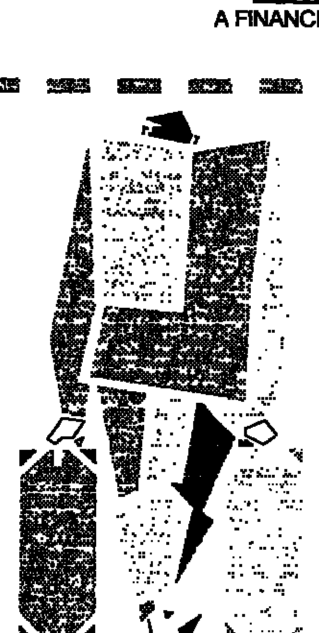
Although Lufthansa is keen to be privatised, the move away from state ownership is currently blocked as a result of a dispute over the financing of pensions for Lufthansa employees. Lufthansa is likely to have to make a substantial contribution to VBL, the government employee pension fund, in order to help finance the pensions when the group leaves the public sector.

Privatisation is unlikely to be effected via a direct sale of government shares in the airline: it is more probable that Lufthansa will hold a large rights issue in which the government will not participate, thereby diluting its stake.

Lufthansa is to seek shareholder approval to raise capital at its annual meeting on July 6; a one-for-three rights issue at current share prices would raise DM1.7bn ($960m) and lower the government stake to about 40 per cent.







COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Copper brightens LME gloom

Copper shone dimly through the London Metal Exchange gloom this week. As prices of most base metals tumbled the exchange's flagship contract rallied to end $27.25 up at $1,914.75 a tonne for three months delivery.

Copper's relative strength was built on the solidity of support below $1,870 as tonne revealed by a sharp fall in the first half of the week. Signs of a tightening nearby supply situation fuelled the rise yesterday, when the cash discount against three months metal narrowed from $19 to £13.25 a tonne. A week earlier it had stood at $23.

Supply tightness was also behind the only other LME rise on the week – for aluminium alloy. As the market responded to scrap shortages (the contract is based on secondary aluminium), falling stocks and forward technical tightness the three months price yesterday touched $1,225 a tonne, the highest since its launch 17 months ago, and the cash discount (or "contango") against metal for delivery in three months, which in mid-week stood at $18 a tonne, turned into a $10 premium (or "backwardation").

By the close the three months price was back to $1,217.50 a tonne, up $45 on the week, and the backwardation had moderated to $5 a tonne.

The primary aluminium contract also made ground yesterday as investment fund buying helped it to recoup some of the losses suffered early in the week on disappointment that producer representatives meeting in Ottawa had only rubber-stamped output cutting proposals drafted last month in Brussels.

In the absence of further cutback announcements from producers adding to the three months price dipped to $1,270 a tonne at on point, before closing yesterday at $1,302.50, down $12 on balance.

The LME's heaviest loser was lead, with the three months position closing yesterday at $455.50 a tonne, down $33 overall. Yesterday's $4 fall was attributed to technical selling after chart analysts said Thursday's break of support at $460 a tonne had confirmed a "head and shoulders" formation, signalling further falls.

Negative chart factors also hit the zinc market, sending the three months position to $934.25 a tonne, down $39.25 on the week.

Gold's reputation as a haven in times of economic trouble took another knock this week as turmoil in the financial markets failed to prevent a break through the bottom end of its recent trading range.

The London bullion market price was fixed yesterday morning at a three months low of $375.65 a troy ounce before closing at $376.60, down $2.10 on the week. "It suggests a fund is getting out," one dealer told the Reuter news agency.

After a shaky start coffee futures were rescued on Thursday by Brazil's announcement that it was set to fulfil its obligations under the multinational export retention scheme after reaching a new financing agreement with producers and exporters.

The success of the retention plan, agreed last September, in lifting coffee prices out of the doldrums had been undermined recently by Brazil's continuing failure to put into store the full 20 per cent of its export shipments required under the scheme.

Before the Brazilian announcement May delivery coffee was quoted at $1,216 a tonne at the London Commodity Exchange, but by Thursday's close it was up to $1,232 and yesterday it moved on to $1,248, up $13 on the week.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+11,575	to 2,580,400
Aluminium alloy	-460	to 46,840
Copper	-7,625	to 546,875
Lead	+25	to 330,700
Nickel	+624	to 133,908
Zinc	+6,750	to 1,056,150
Tin	+235	to 22,445

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993/1994 High	1993/1994 Low
Gold per troy oz.	$376.60	-2.1	$329.95	$405.75	$326.05
Silver per troy oz	351.50p	+0.5	249.5 p	366.00p	236.00p
Aluminium 99.7% (cash)	$1280.5	-12.5	$1162.5	$1300.50	$1023.50
Copper Grade A (cash)	$1901.5	+37	$1474.5	$2375.00	$1106.50
Lead (cash)	$442.0	-33	$284.5	$510.50	$361.50
Nickel (cash)	$5610.0	-255	$5932.5	$6340	$4043.5
Zinc SHG (cash)	$917.0	-39	$998	$1112	$868.0
Tin (cash)	$5280.0	-195	$5670	$6047.5	$4340.0
Cocoa Futures May	£912	-14	£709	£1061	£663
Coffee Futures May	$1249	+14	$1000	$1297.	$836
Sugar (LDP Raw)	$286.5	+5.8	$252	$317.4	$204.5
Barley Futures May	£104.50	-0.25	£141.00	£110.30	£101.50
Wheat Futures May	£103.35	+0.40	£146.25	£149.45	£97.20
Cotton Outlook A Index	81.00c	-1	61.61c	82.60c	54.15c
Wool (64s Super)	380p	+7	397p	403p	319p
Oil (Brent Blend)	$13.48x	+0.035	$19.475	$19.53	$13.25

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Apr.

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1280-1	1302-3
Previous	1283.5-4.5	1285-5.5
High/low		1305/1267
AM Official	1276-6.5	1288.5-99
Kerb close		1304-5
Open int.	269,127	
Total daily turnover	53,401	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1220-5	1215-20
Previous	1175-85	1175-88
High/low		1225/1200
AM Official	1215-25	1220-5
Kerb close		1220-5
Open int.	3,595	
Total daily turnover	2,157	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	441.5-2.5	455-6
Previous	445.5-6.5	459-60
High/low		464/450
AM Official	441.5-2.0	454.5-5.5
Kerb close		456-7
Open int.	36,812	
Total daily turnover	9,027	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5605-15	5680-5
Previous	6645-55	5700-05
High/low		5720/5650
AM Official	5620-25	5670-75
Kerb close		5640-50
Open int.	50,252	
Total daily turnover	16,100	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5275-85	5325-30
Previous	5290-300	5335-40
High/low		5390/5300
AM Official	5280-90	5325-35
Kerb close		5390-400
Open int.	20,217	
Total daily turnover	5,142	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	916.5-7.5	934-4.5
Previous	925.5-6.5	943-4
High/low		948/925
AM Official	913-4	931.5-2.0
Kerb close		937-8
Open int.	109,570	
Total daily turnover	19,500	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1901-2	1914.5-5.0
Previous	1873-4	1892-3
High/low	1891/1890	1922/1893
AM Official	1890.5-1.0	1904.5-5.5
Kerb close		1917-18
Open int.	248,392	
Total daily turnover	74,805	

■ LME AM Official £/$ rate: 1.4900
LME Closing £/$ rate: 1.4905

Spot:1.4895 3 mths:1.4849 6 mths:1.4814 9 mths:1.4802

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open Int	Vol
Mar	89.50	+2.00	89.80	87.80	5,449	420
Apr	89.45	+2.10	89.50	88.40	1,074	22
May	89.55	+2.00	90.00	88.00	32,853	4,947
Jun	89.40	+1.90	-	-	845	5
Jul	89.30	+1.85	89.45	88.00	8,586	777
Aug	89.20	+1.70	-	-	388	-
Total					N/A	N/A

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	376.40-376.80	
Opening	377.10-377.50	
Morning fix	375.65	252.233
Afternoon fix	375.95	251.690
Day's High	377.10-377.50	
Day's Low	375.10-375.50	
Previous close	377.10-377.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month 3.11 | 6 months 3.34
2 months 3.14 | 12 months 3.54
3 months 3.18

Silver Fix	p/troy oz.	US cts equiv.
Spot	347.80	518.60
3 months	351.95	523.10
6 months	356.10	528.25
1 year	364.95	540.15

Gold Coins	$ price	£ equiv.
Krugerrand	378-381	253-256
Maple Leaf	388.50-388.95	-
New Sovereign	89-92	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

Spices

Black pepper prices, especially for "asta" grades, rose considerably during the week, reaching a level in the U.S. Market of about 85c a lb c and f New York and $1,875 a tonne c and f Europe, reports Man Producten. India had been expected to offer abundantly from the new crop by this time of the year but a very disappointing and somewhat delayed crop forced the shorts to cover. White pepper prices also tended firmer: about $2,850 a tonne, cif, for March/April shipment.

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 4	Mar 3	month ago	year ago
1790.1	1786.3	1789.5	1782.7

■ CRB Futures (Base: 1967=100)

Mar 3	Mar 2	month ago	year ago
226.19	227.08	228.73	206.47

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lb)

[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

■ COPPER (Grade A) LME

[illegible]

■ COFFEE LCE	May	Jul	May	Jul
1200	70	85	21	47
1250	41	59	42	71
1300	23	42	74	104

■ COCOA LCE	May	Jul	May	Jul
900	39	62	27	38
925	27	49	40	50
950	19	39	57	65

■ BRENT CRUDE IPE	Apr	May	Apr	May
1300	57	-	9	29
1350	24	53	23	-
1400	8	35	50	75

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)		+or-
Dubai	$12.17-2.32w	-0.305
Brent Blend (dated)	$13.39-3.43	-0.09
Brent Blend (Apr)	$13.46-3.50	-0.12
W.T.I. (1pm est)	$14.61-4.63	-0.05

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$153-155	-1.0
Gas Oil	$144-146	-0.5
Heavy Fuel Oil	$80-82	-0.5
Naphtha	$135-136	-1.0
Jet Fuel	$159-160	-1.0

Petroleum Argus Estimates

■ OTHER		
Gold (per troy oz)♣	$376.60	-0.70
Silver (per troy oz)♣	523.5c	-2
Platinum (per troy oz.)	$391.50	-0.50
Palladium (per troy oz.)	$128.75	-0.50
Copper (US prod.)	92.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.08r	-0.28
Tin (New York)	247.50c	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	124.68p	+2.02*
Sheep (live weight)†♠	122.32p	+3.87*
Pigs (live weight)	82.33p	+6.40*
Lon. day sugar (raw)	$286.50	+1.40
Lon. day sugar (wte)	$337.50	+5.50
Tate & Lyle export	£304.00	+1.00
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	Unq	
Wheat (US Dark North)	£180.0x	
Rubber (Apr)♥	65.50p	
Rubber (May)♥	65.75p	
Rubber(KL RSS No1 Apr)	241.00m	
Coconut Oil (Phil)§	$520.0x	-12.5
Palm Oil (Malay.)§	$365.0t	
Copra (Phil)§	$385.0	
Soyabeans (US)	£198.0	-2
Cotton Outlook A Index	81.00c	-0.60
Wooltops (64s Super)	380p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Apr. t Jul/Sep. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	116.4390	+0.450	6.90	6.95	6.21
Belgium		7.250	04/04	102.0000	+1.000	6.96	7.02	6.54
Canada *		6.500	06/04	94.9100	-0.240	7.21	7.01	6.45
Denmark		7.000	12/04	102.3500	+0.380	6.68	6.69	6.12
France	BTAN	8.000	05/98	107.9700	+0.390	5.42	5.42	5.10
	OAT	5.500	04/04	94.2000	+0.660	6.29	6.24	5.83
Germany		6.000	09/03	98.1500	+0.250	6.26	6.13	5.74
Italy		8.500	01/04	95.7200	+2.350	9.17†	8.94	8.33
Japan	No 119	4.800	06/99	105.0590	+0.090	3.66	3.25	3.04
	No 157	4.500	06/03	103.3160	-0.990	4.01	3.59	3.50
Netherlands		5.750	01/04	96.8000	+0.350	6.19	6.18	5.72
Spain		10.500	10/03	111.6000	+0.800	8.66	8.71	7.87
UK Gilts		6.000	08/99	98-01	+11/32	6.44	6.43	5.77
		6.750	11/04	97-28	+23/32	7.07	7.02	6.33
		9.000	10/08	115-19	+24/32	7.25	7.23	6.68
US Treasury *		5.875	02/04	96-14	-9/32	6.36	6.18	5.75
		6.250	08/23	92-14	-13/32	6.85	6.70	6.31
ECU (French Govt)		6.000	04/04	94.7000	+1.170	6.74	6.69	6.05

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime rates

		Treasury Bills and Bond Yields	
Prime rate	6	One month	3.14
Broker loan rate	5	Two month	3.49
Fed.funds	3⅜	Three month	3.63
Fed.funds at intervention	-	Six month	3.85
		One year	4.28

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100%

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lira 200m 100ths of 100%

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

UK

■ NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100%

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Ecu

■ ECU BOND FUTURES (MATIF)

[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	110-15	110-17	+0-03	111-05	110-02	28,153	125,912
Jun	109-14	109-13	+0-01	109-31	108-26	422,007	272,169
Sep	108-16	108-19	+0-03	109-00	108-10	614	34,706

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

ECONOMIC DIARY – FORWARD EVENTS

TOMORROW: Moldovan referendum on independence and territorial integrity. IGEDO international fashion trade fair opens in Dusseldorf (until March 8). Raymond James & Associates holds annual investment conference in Florida.

MONDAY: Credit business (January). Housing starts and completions (January). US consumer credit (January). Central bank governors hold monthly meeting at Bank of International Settlements in Basle. European Union general affairs council meets in Brussels. European Parliament in plenary session in Strasbourg. Engineering workers in Germany due to strike. Nordic Council meeting in Stockholm (until March 10). Mr John Laware, Federal governor, to address Institute of International Bankers in Washington.

TUESDAY: Cyclical indicators for the UK economy (January-second estimate). Index of production (January).

WEDNESDAY: US wholesale trade (January). Inaugural meeting of the European Union's Committee of the Regions in Brussels (until March 10). Mr Warren Christopher, US secretary of state, visits Tokyo. Results from BAT Industries, RTZ Corporation and Standard Chartered.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. US retail sales (February). Meeting of Anglo-Irish intergovernmental Ulster conference to assess progress of consultations over framework for new inter-party talks on the future of Northern Ireland. National People's Congress begins its annual session in Beijing. European Unions ministers responsible for the single market meet in Brussels. Informal meeting of the European Union social affairs ministers in Greece. Results from Smith & Nephew and TI Group.

FRIDAY: Usable steel production (February). Balance of visible trade (December). Construction output (fourth quarter). Capital issues and redemptions (February). Mr Warren Christopher, US secretary of state, arrives in Beijing on an official visit (until March 14).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar firmer

The US Federal Reserve yesterday kept interest rates unchanged after the release of a mixed set of employment data, *writes Philip Gawith.*

Foreign exchanges had eyes for little else beyond the figures which last month prompted the Fed to increase its Federal Funds rate by 25 basis points, subsequently throwing financial markets into turmoil.

Ever since markets have been obsessional in their focus on US inflation prospects and the prospect of a further tightening of policy. Although the 217,000 increase in February jobs was well above expectations, it was offset by other inflation indicators such as average hourly earnings.

Continuing speculation about another credit tightening helped the dollar close higher in London at DM1.7198 from DM1.7088 on Thursday.

■ The D-Mark was mixed in Europe yesterday, finishing lower against the Belgian franc, the Italian lira and the French franc, and stronger compared to the Irish punt and the Spanish peseta. It closed just over a pfennig weaker against the dollar at DM1.7198.

Attention was focused on the industrial dispute in the engineering sector. Employers and unionists met last night in a late attempt to stave off industrial action next week.

■ Pound in New York

Mar 4	—Latest—	– Prev. close –
£ spot	1.4886	1.4960
1 mth	1.4868	1.4942
3 mth	1.4839	1.4911
1 yr	1.4788	1.4850

Going into the talks Mr Klaus Zwickel, head of the IG Metall union, told Reuters: "The probability of a strike is very large. This is the last chance to avert it."

The Portuguese escudo finished unchanged in London at Es102.3 to the D-Mark after the central bank cut its emergency lending rate, for up to Es100bn of one-day funds to resident banks, by ½ point to 11.00 per cent from 11.5 per cent. The little used rate was previously cut by a similar margin on January 19.

■ The dollar started the day strongly after President Clinton's resurrection on Thursday evening of Super 301 - the provision in US trade law allowing *it to impose sanctions on countries with trade barriers.*

Part of the reason for dollar strength was support from the Bank of Japan, assisted apparently by buying from US funds and Japanese life insurers. Analysts said Japanese insurers sold yen to shift some of their yen-denominated assets to other higher yielding overseas assets.

Traders said interbank short-covering also helped the US currency, while the market appeared to be modifying its view that any intensification of the trade *dispute* was bad for the dollar.

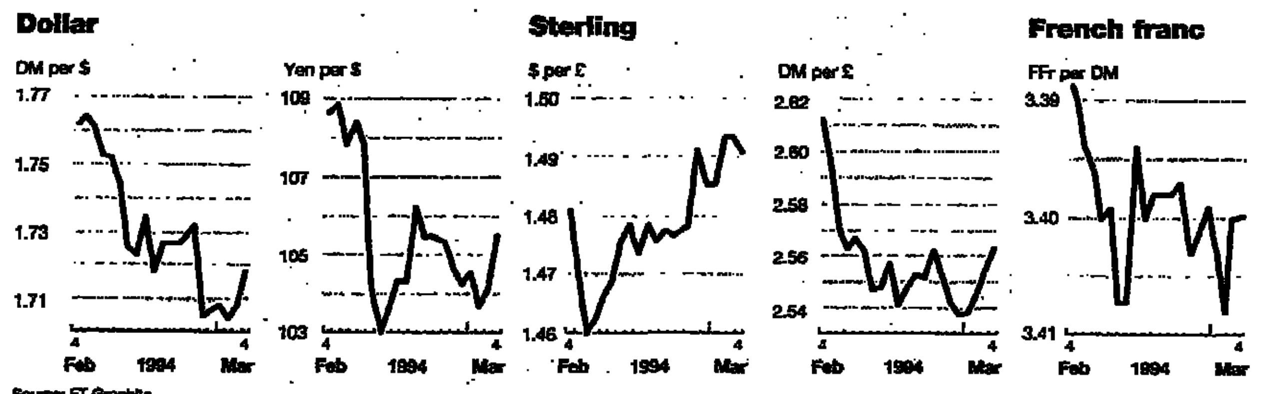
In terms of yesterday's figures, the headline increase in the non-farm payroll was partially offset by the downward revision of the January figure from a 62,000 rise to a 2,000 decline. Hourly earnings rose by only 0.2 cents and the working week fell to 34.3 hours from 34.8 hours.

■ The Bank of England provided the UK money market with around £400m of late, unspecified assistance, bringing *total* help for the day to £1.369bn. This compared with its latest forecast of a £1.5bn liquidity shortage, revised down from £1.7bn earlier.

With the D-Mark under pressure, sterling gained against the German currency to finish in London at DM2.5629 from DM2.5546. It finished slightly lower against the dollar, closing at $1.4903 from $1.495.

■ OTHER CURRENCIES

Mar 4	£	$
Hungary	154.289 - 154.490	103.550 - 103.650
Iran	2598.00 - 2604.00	1748.00 - 1750.00
Kuwait	0.4427 - 0.4436	0.2971 - 0.2976
Poland	32718.9 - 32729.9	21958.0 - 21959.0
Russia	2512.50 - 2527.50	1686.00 - 1696.00
U.A.E.	5.4646 - 5.4758	3.6710 - 3.6730



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Mar 4		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.0142	+0.0381	074 - 209	18.0342	17.9384	18.0104	0.3	18.0048	0.2	-	-	113.4
Belgium	(BFr)	52.7698	+0.1177	311 - 084	52.8089	52.5113	52.8298	–1.4	52.9198	–1.1	53.2548	–0.9	114.2
Denmark	(DKr)	10.0152	+0.0282	098 - 206	10.0206	9.9703	10.0267	–1.4	10.0457	–1.2	10.0816	–0.7	114.4
Finland	(FM)	8.2918	+0.0109	829 - 006	8.3006	8.2610	-	-	-	-	-	-	81.6
France	(FFr)	8.7113	+0.0245	061 - 164	8.7164	8.6771	8.721	–1.3	8.7354	–1.1	8.7689	–0.7	108.0
Germany	(DM)	2.5629	+0.0083	621 - 637	2.5684	2.5435	2.5652	–1.1	2.5681	–0.8	2.5723	–0.4	122.3
Greece	(Dr)	371.967	+0.546	606 - 327	372.327	369.560	-	-	-	-	-	-	–
Ireland	(I£)	1.0421	–0.0016	412 - 430	1.0463	1.0380	1.0431	–1.2	1.0451	–1.2	1.0527	–1.0	102.8
Italy	(L)	2516.36	+1.82	482 - 790	2520.52	2508.01	2523.81	–3.6	2537.81	–3.4	2593.36	–3.1	75.8
Luxembourg	(LFr)	52.7698	+0.1177	311 - 084	52.8089	52.5113	52.8298	–1.4	52.9198	–1.1	53.2548	–0.9	114.2
Netherlands	(Fl)	2.8762	+0.0072	750 - 774	2.8787	2.8651	2.8771	–0.4	2.8775	–0.2	2.8715	0.2	117.8
Norway	(NKr)	11.1046	+0.025	012 - 080	11.1355	11.0532	11.099	0.6	11.1115	–0.2	11.1027	0.0	84.5
Portugal	(Es)	262.061	+0.869	793 - 328	262.328	260.527	263.036	–4.5	264.981	–4.5	-	-	–
Spain	(Pta)	210.178	+0.959	090 - 265	210.031	208.777	210.803	–3.6	211.873	–3.2	216.278	–2.9	84.5
Sweden	(SKr)	11.9446	–0.0084	370 - 522	11.9718	11.8997	11.9671	–2.3	12.0011	–1.9	12.1166	–1.4	76.0
Switzerland	(SFr)	2.1488	+0.0073	478 - 497	2.1524	2.1389	2.1473	0.8	2.1436	1.0	2.1245	1.1	118.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.2
Ecu	–	1.3242	+0.0021	236 - 247	1.3252	1.3189	1.3259	–1.5	1.3285	–1.3	1.3353	–0.8	–
SDR†	–	0.939371	–	–	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	1.4899	–0.0043	896 - 902	1.4959	1.4874	-	-	-	-	-	-	–
Brazil	(Cr)	1010.17	+12.261	998 - 035	1014.00	993.000	-	-	-	-	-	-	–
Canada	(C$)	2.0252	–0.0002	245 - 259	2.0261	2.0155	2.0231	1.3	2.0197	1.1	2.0177	0.4	88.9
Mexico	(New Peso)	4.8285	–0.0152	202 - 367	4.8367	4.8202	-	-	-	-	-	-	–
USA	($)	1.4903	–0.0047	900 - 905	1.4969	1.4880	1.4885	1.4	1.4855	1.3	1.4793	0.7	66.6
Pacific/Middle East/Africa													
Australia	(A$)	2.0865	–0.0299	854 - 875	2.1185	2.0833	2.085	0.9	2.0826	0.7	2.0807	0.3	–
Hong Kong	(HK$)	11.5159	–0.0369	132 - 186	11.5684	11.4933	11.5029	1.4	11.4975	0.6	11.4484	0.6	–
India	(Rs)	46.7902	–0.1961	786 - 017	47.0330	46.7230	-	-	-	-	-	-	–
Japan	(Y)	157.244	+1.672	165 - 322	157.322	154.900	156.874	2.8	156.104	2.9	152.889	2.8	185.7
Malaysia	(M$)	4.0595	–0.0116	573 - 616	4.0759	4.0533	-	-	-	-	-	-	–
New Zealand	(NZ$)	2.6015	–0.0224	994 - 035	2.6192	2.5976	2.6044	–1.3	2.6087	–1.1	2.6173	–0.6	–
Philippines	(Peso)	41.2055	–0.2047	750 - 359	41.5160	40.9750	-	-	-	-	-	-	–
Saudi Arabia	(SR)	5.5881	–0.0175	869 - 892	5.6123	5.5807	-	-	-	-	-	-	–
Singapore	(S$)	2.3613	–0.003	602 - 624	2.3686	2.3555	-	-	-	-	-	-	–
S Africa (Com.)	(R)	5.1798	–0.0058	778 - 817	5.1969	5.1704	-	-	-	-	-	-	–
S Africa (Fin.)	(R)	6.8887	–0.0404	801 - 973	6.9157	6.8597	-	-	-	-	-	-	–
South Korea	(Won)	1202.33	–3.88	183 - 283	1207.40	1200.82	-	-	-	-	-	-	–
Taiwan	(T$)	39.3799	–0.1615	658 - 939	39.5900	39.3300	-	-	-	-	-	-	–
Thailand	(Bt)	37.7183	–0.089	970 - 395	37.8510	37.6760	-	-	-	-	-	-	–

†SDR rate for Mar.3. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 4		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.0880	+0.0835	855 - 905	12.0905	12.0250	12.1067	–1.9	12.138	–1.7	12.1655	–0.6	102.7
Belgium	(BFr)	35.4100	+0.19	900 - 300	35.4300	35.2340	35.495	–2.9	35.63	–2.5	36.01	–1.7	103.9
Denmark	(DKr)	6.7205	+0.04	180 - 230	6.7230	6.6793	6.7367	–2.9	6.7632	–2.5	6.8995	–2.7	103.3
Finland	(FM)	5.5640	+0.0248	590 - 690	5.5690	5.5381	5.5692	–1.1	5.5772	–1.0	5.594	–0.5	78.4
France	(FFr)	5.8455	+0.0347	430 - 480	5.8480	5.8122	5.8594	–2.9	5.881	–2.4	5.9295	–1.4	104.4
Germany	(D)	1.7198	+0.011	195 - 200	1.7200	1.7015	1.7236	–2.6	1.729	–2.1	1.7385	–1.1	104.1
Greece	(Dr)	249.600	+1.15	400 - 800	249.800	247.280	253.2	–17.3	260.1	–16.8	289.6	–16.0	70.9
Ireland	(I£)	1.4300	–0.0024	290 - 310	1.4408	1.4252	1.4266	2.9	1.421	2.5	1.4033	1.9	–
Italy	(L)	1688.55	+6.52	780 - 930	1689.30	1683.00	1695.7	–5.1	1708.55	–4.7	1753.55	–3.8	76.3
Luxembourg	(LFr)	35.4100	+0.19	900 - 300	35.4300	35.2300	35.495	–2.9	35.63	–2.5	36.01	–1.7	103.9
Netherlands	(Fl)	1.9300	+0.0109	295 - 305	1.9305	1.9201	1.933	–1.9	1.9373	–1.5	1.944	–0.7	103.3
Norway	(NKr)	7.4515	+0.0402	505 - 525	7.4525	7.4103	7.4612	–1.6	7.4802	–1.6	7.4905	–0.5	94.5
Portugal	(Es)	175.850	+1	700 - 000	176.000	174.900	176.77	–6.3	178.44	–5.9	184.15	–4.7	93.2
Spain	(Pta)	141.035	+1.085	000 - 070	141.070	140.030	141.63	–5.1	142.84	–4.8	146.235	–3.7	80.1
Sweden	(SKr)	8.0152	+0.0196	114 - 189	8.0189	7.9802	8.0407	–3.8	8.0797	–3.2	8.1937	–2.2	81.2
Switzerland	(SFr)	1.4419	+0.0094	415 - 423	1.4427	1.4345	1.4426	–0.6	1.4432	–0.4	1.4367	0.4	104.9
UK	(£)	1.4903	–0.0047	900 - 905	1.4969	1.4880	1.4885	1.4	1.4855	1.3	1.4793	0.7	90.0
Ecu	–	1.1255	–0.0053	252 - 257	1.1302	1.1252	1.1226	3.0	1.1181	2.6	1.1074	1.6	–
SDR†	–	1.40079	–	–	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	0.9996	+0.0003	997 - 998	0.9998	0.9994	-	-	-	-	-	-	–
Brazil	(Cr)	677.850	+10.33	840 - 860	677.875	677.840	-	-	-	-	-	-	–
Canada	(C$)	1.3590	+0.0042	587 - 592	1.3592	1.3512	1.3593	–0.3	1.3596	–0.2	1.3645	–0.4	85.2
Mexico	(New Peso)	3.2400	-	350 - 450	3.2450	3.2350	3.2416	–0.6	3.2444	–0.5	3.255	–0.5	–
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.6
Pacific/Middle East/Africa													
Australia	(A$)	1.4001	–0.0156	996 - 006	1.4156	1.3966	1.4011	–0.9	1.404	–1.1	1.4115	–0.8	86.5
Hong Kong	(HK$)	7.7275	–0.0004	270 - 280	7.7289	7.7255	7.7282	–0.1	7.7322	–0.2	7.751	–0.3	–
India	(Rs)	31.3975	–0.0325	950 - 000	31.4300	31.3850	31.4625	–2.5	31.5975	–2.5	-	-	–
Japan	(Y)	105.515	+1.45	480 - 550	105.550	103.820	105.4	1.3	105.1	1.6	103.35	2.1	148.6
Malaysia	(M$)	2.7240	+0.0007	230 - 250	2.7260	2.7230	2.718	2.6	2.7015	3.3	2.774	–1.8	–
New Zealand	(NZ$)	1.7457	–0.0095	446 - 467	1.7522	1.7446	1.7473	–1.1	1.7518	–1.4	1.766	–1.2	–
Philippines	(Peso)	27.8500	–0.05	000 - 000	27.8500	27.5000	-	-	-	-	-	-	–
Saudi Arabia	(SR)	3.7498	+0.0001	496 - 499	3.7502	3.7496	3.7522	–0.8	3.7566	–0.7	3.7753	–0.7	–
Singapore	(S$)	1.5845	+0.003	840 - 850	1.5850	1.5811	1.5845	0.0	1.5845	0.0	1.608	–1.5	–
S Africa (Com.)	(R)	3.4758	+0.007	750 - 765	3.4775	3.4695	3.4901	–4.9	3.5191	–5.0	3.6163	–4.0	–
S Africa (Fin.)	(R)	4.6225	–0.0125	175 - 275	4.6275	4.6000	4.6535	–8.0	4.7175	–8.2	-	-	–
South Korea	(Won)	806.800	–0.05	600 - 000	807.400	806.600	809.8	–4.5	813.3	–3.2	831.8	–3.1	–
Taiwan	(T$)	26.4250	–0.025	200 - 300	26.4400	26.4200	26.5275	–4.7	26.675	–3.8	-	-	–
Thailand	(Bt)	25.3100	+0.02	000 - 200	25.3200	25.2900	25.38	–3.3	25.52	–3.3	25.66	–1.4	–

†SDR rate for Mar.3. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar.3. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar.4		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.99	16.51	4.857	1.975	4768	5.450	21.03	496.7	398.3	22.63	4.072	1.895	3.837	2.824	297.9	2.509
Denmark	(DKr)	52.66	10	8.694	2.558	1.040	2511	2.870	11.08	261.6	209.8	11.92	2.145	0.998	2.021	1.487	156.9	1.321
France	(FFr)	60.58	11.50	10	2.942	1.196	2888	3.302	12.74	300.9	241.3	13.71	2.467	1.148	2.325	1.710	180.5	1.520
Germany	(DM)	20.59	3.909	3.399	1	0.407	981.7	1.122	4.331	102.3	82.01	4.659	0.838	0.390	0.790	0.581	61.33	0.517
Ireland	(I£)	50.64	9.616	8.360	2.460	1	2415	2.760	10.65	251.5	201.7	11.46	2.062	0.960	1.943	1.430	150.9	1.271
Italy	(L)	2.097	0.398	0.346	0.102	0.041	100.	0.114	0.441	10.42	8.355	0.475	0.085	0.040	0.080	0.059	6.248	0.053
Netherlands	(Fl)	18.35	3.484	3.029	0.891	0.362	874.8	1	3.860	91.13	73.09	4.152	0.747	0.348	0.704	0.518	54.66	0.460
Norway	(NKr)	47.54	9.027	7.848	2.309	0.939	2267	2.591	10	236.1	189.4	10.76	1.936	0.901	1.824	1.342	141.6	1.193
Portugal	(Es)	20.13	3.823	3.324	0.978	0.398	959.9	1.097	4.235	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	(Pta)	25.10	4.767	4.144	1.219	0.496	1197	1.368	5.281	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	(SKr)	44.20	8.392	7.296	2.147	0.873	2107	2.409	9.296	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	(SFr)	24.56	4.663	4.054	1.193	0.485	1171	1.338	5.165	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UK	(£)	52.77	10.02	8.711	2.563	1.042	2516	2.876	11.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	(C$)	26.06	4.948	4.302	1.266	0.515	1242	1.420	5.481	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US	($)	35.42	6.725	5.846	1.720	0.699	1689	1.930	7.450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	(Y)	335.7	63.74	55.41	16.30	6.628	16005	18.30	70.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu		39.86	7.568	6.579	1.936	0.787	1900	2.172	8.384	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5842	0.5823	-0.0026	0.5845	0.5813	53,200	107,837
Jun	0.5816	0.5795	-0.0022	0.5816	0.5785	22,894	34,428
Sep	0.5795	0.5780	-0.0004	0.5795	0.5780	26	2,417

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6956	0.6944	-0.0012	0.6972	0.6930	17,739	43,749
Jun	0.6942	0.6941	-0.0011	0.6957	0.6925	2,057	8,036
Sep	-	-	-	-	-	3	91

EMS EUROPEAN CURRENCY UNIT RATES

Mar 4	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.790434	–0.00037	–2.25	5.12	15
Netherlands	2.19672	2.17435	+0.00186	–1.02	3.81	-
Belgium	40.2123	39.8780	+0.0332	–0.83	3.61	6
Germany	1.94964	1.93642	+0.0012	–0.68	3.45	-
France	6.53883	6.58203	–0.00076	0.66	2.08	–6
Denmark	7.43679	7.56549	–0.0033	1.73	1.00	–12
Portugal	192.854	197.935	+0.066	2.63	0.11	–18
Spain	154.250	158.495	–0.081	2.75	0.00	–19
NON ERM MEMBERS						
Greece	264.513	281.109	+0.115	6.27	–3.31	-
Italy	1793.19	1903.85	–3.88	6.17	–3.22	-
UK	0.786749	0.757979	–0.000911	–3.66	6.65	-

WORLD INTEREST RATES

MONEY RATES

March 4	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	–	6¾	6⅝	6½	6⅜	7.40	5.00	–
week ago	–	6¾	6⅜	6⅜	6¼	7.40	5.00	–
France	6⅜	6⅜	6¼	6⅛	6	6.10	–	7.75
week ago	6⅝	6⅜	6¼	6⅛	5⅞	6.10	–	7.75
Germany	6.00	6.07	5.88	5.72	5.52	6.75	5.25	5.97
week ago	6.46	6.07	5.85	5.65	5.37	6.75	5.25	6.00

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.13	0.22	0.25	0.02	0.07	0.22
9500	0.02	0.09	0.13	0.16	0.19	0.35
9525	0	0.02	0.06	0.39	0.37	0.53

Est. vol. total, Calls 4647 Puts 2110. Previous day's open int., Calls 202574 Puts 162104

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	*Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £132 (2Mr94)
Exchequer 10½% Stk 2005 - £125⅞ (25Fe94)

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £40 (1Mr94)
Birmingham District Council 11½% Red Stk 2012 - £130½ (25Fe94)
Dudley Metropolitan Borough Council7% Ln ...

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

...

Leeds Permanent Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £104½ 105 105¼ 106 106¼ 106½ (25Fe94)
Lewis (John) PLC 10½% Bds 2014 (Br£10000&100000) - £121 (28Fe94)
Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £110.7625
London Electricity PLC 8% Bds 2003 (Br £ Var) - £103½ (28Fe94)
Marks & Spencer Finance PLC 7⅛% Gtd Nts 1998 (Br £ Var) - £103½ (28Fe94)
Microtek International Inc 3.5% Bds 2001(Br$10000) - $113 (28Fe94)
National Grid Co PLC 7⅜% Bds 1998 (Br £ Var) - £101⅛

National Power PLC 10⅝% Bds 2001 (Br £10000&100000) - £114⅞ 5¼ (25Fe94)
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £120⅞ (25Fe94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Pr)Reg - £116
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Pr)Br - £115¼ ½ 6
Nationwide Building Society 6⅛% Nts 1999(Br£ Var) - £95¼ (25Fe94)
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £95¾ (2Mr94)
Nippon Telegraph and Telephone Corp6% Nts 1998 (Br $ Var) - $100½ (2Mr94)

...

Corporation Stocks - Foreign

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

...

Ord $0.01 - $12½ (25Fe94)
Aitken Hume International PLC 7% (Net) Cnv Cum Red Prf £1 - 95 (2Mr94)
Albert Fisher Group PLC ADR (10:1) - $10.2
Alexanders Hldgs PLC "A"(RstV)Ord 10p - 20
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 71
Allied London Properties PLC 10% Cum Prf £1 - 115
Allied-Lyons PLC ADR (1:1) - $9.03 9.23
Allied-Lyons PLC 5½% Cum Prf £1 - 64 (25Fe94)
Allied-Lyons PLC 11¾% Deb Stk 2009 - £132½

...

Investment Trusts

...

USM Appendix

...

Rule 535(2)

...

Yates Bros Wine Lodges PLC Ord 25p - £2.35 (1Mr94)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Alltel Corp $55¼ф (2.3)
Bank East Asia HK$31.8856,33.358159
Batu Kawan RM6.50
Bukit Sembawang 675
Cape Range Oil A$0.891
Centaur Mining & Exploration A$0.26892 (2.3)
Central Kalgoorlie Gold 5 (28.2)
City Developments S$6.6333
Community Psychiatric Centres $17⅞ (1.3)
Dainippon Screen Manufacturing Y716.45,718.37,733.00
Devex 28 (2.3)
Equity Silver Mines Class A 45
Forest Laboratories £33⅛
General Securities Investment S$2.796469 (28.2)
Hosma North West 9 (25.2)
Hunter Resources A$0.55
Kulim Malaysia 100 (28.2)
Leighton Hldgs. A$2.268 (1.3)
Malayan Cement RM4.83364 (28.2)
Murray & Roberts Hldgs. R1.81фR1.80 (28.2)
Niugini Mining 270
North Flinders Mines 510
Oil Search 50
Terrex Resources A$0.1107 (1.3)
United Overseas Land S$2.235026

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. All rights reserved.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1993. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LONDON STOCK EXCHANGE

MARKET REPORT

Stocks brush off fear of Federal Reserve move

By Terry Byland,
UK Stock Market Editor

The UK stock market rounded off a nervous week in good form as bond prices moved higher in Europe in spite of renewed weakness in US Treasuries. Fears that the US Federal Reserve might tighten policy again in the wake of yesterday's employment and economic indicators were brushed off in European markets, and sentiment strengthened at the close when Wall Street, too, turned higher.

Share prices opened nervously but began to advance as bond markets strengthened across Europe. The FT-SE Index was ahead by about 14 points when the US economic statistics flashed across the screens in London trading rooms.

The increase in US payroll numbers was only slightly above market tolerance levels, while modest increases in earnings levels were received without strain. US bonds began to ease but UK government securities, taking their lead from German bonds, moved higher. Gains in share prices were extended, although dealers stressed that trading volumes were unimpressive.

The pace quickened towards the close as Wall Street responded favourably to benign money market moves by the Federal Reserve and by the close of business in London the FT-SE Index stood at 3,278.0, plus 31.5 on the day. The Dow Industrial Average was then about 20 points up.

The FT-SE 100 Index ended the week only a few points down as bond markets, including UK gilts, have recovered confidence after the heavy falls suffered last week. Sentiment is still nervous, but traders hope that Europe may have disengaged itself from US factors for the time being, and that the expected tightening of credit policy by the US Federal Reserve will not prevent cuts in European rates. Reductions in UK base rates are still thought likely, perhaps when the April tax increases hit UK consumers.

Account Dealing Dates		
*First Dealings:		
Feb 14	Feb 28	Mar 14
Option Declarations:		
Feb 24	Mar 10	Mar 24
Last Dealings:		
Feb 25	Mar 11	Mar 25
Account Day:		
Mar 7	Mar 21	Apr 5

*New time dealings may take place from two business days earlier.

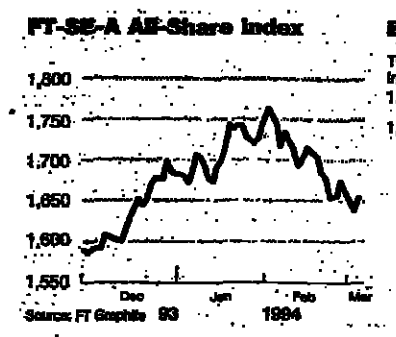
The UK government bond market responded vigorously to the improvement in Frankfurt. By the close, long-dated gilts were a full point higher, with the short dates, which reflect base rate hopes, ahead by ¼ or so. UK traders were impressed yesterday to see European bond markets apparently decouple from US Treasuries, although Mr Nick Knight warned that Friday afternoon was not the best time to make such judgments. He continues to advise selling into strength in UK equities, and sees little immediate improvement in bond markets in Europe.

Mr Sushil Wadhwani, at Goldman Sachs, the US investment bank, fears a further 5 to 10 per cent correction in global markets in the near term although he still predicts 10 to 15 per cent returns on global equities from current levels over the next year.

Interest also returned to the FT-SE Mid 250 stocks yesterday, taking this Index ahead by 20.3 to 3,927.3, a gain of 7.4 on the week. But a Seaq trading total of only 581m shares, against 676.1m on Thursday, indicated a good deal of caution among the institutions. Retail, or customer, business in equities was worth £1.41bn on Thursday, a comfortable but not excessive level by comparison with this year's daily averages.

The stock market has seen only moderate selling pressure during the latest setback and this week has brought clear indications that the institutions were willing to buy stock at what several broking houses have identified as a cheap market for equities.

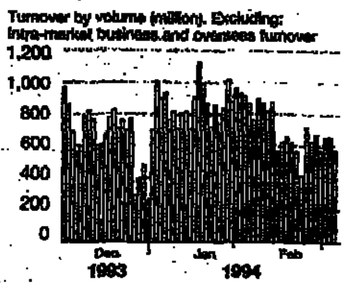
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios		
FT-SE Mid 250	3927.3	+20.3
FT-SE-A 350	1662.1	+14.3
FT-SE-A All-Share	1653.28	+13.3
FT-SE-A All-Share yield	3.48	(3.50)
FT Ordinary index	2563.9	+23.7
FT-SE-A Non Fins p/e	22.20	(22.18)
FT-SE 100 Fut Mar.	3272.0	(+39.0)
10 yr Gilt yield	7.28	(7.14)
Long gilt/equity yld ratio:	2.16	(2.16)

FT-SE 100 Index	
Closing index for Mar 4	3278.0
Change over week	-3.2
Mar 3	3246.5
Mar 2	3248.1
Mar 1	3270.6
Feb 28	3328.1
High*	3328.8
Low*	3195.7

*Intra-day high and low for week

TRADING VOLUME

Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	12,000	60¼	+2
Abbey National†	2,300	490	
Albert Fisher	474	67	
Allied-Lyons†	1,300	627	+6
Anglian Water†	898	511	
Argos	1,300	359	+7
Argyll Group†	9,700	251	+7
Arjo Wiggins†	974	268	+4
Lonrho	3,300	155	+½
Lucas	1,600	220	+2
MEPC†	71	503	+4
MFI	1,800	167	+8
Manweb	476	748	+6
Marks & Spencer†	4,500	426	+7
Midlands Elect.	229	661	+2
Morrison (Wm.)	1,700	119	+5

EQUITY FUTURES AND OPTIONS TRADING

A squeeze together with continued strength in bonds *helped stock index futures rally* from early weakness, as a volatile week in derivatives *came to a close, writes Joel Kibazo.*

At the official close, the March Liffe contract on the FT-SE 100 *stood* at 3,272, having fallen as low as 3,225 on selling from US houses. *Volume was 11,801 lots.* The mid-250 contract for the same month traded 289 lots.

Volume in traded options was 38,539 contracts, *with* 16,139 dealt in the FT-SE index option and 2,324 in Glaxo.

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3240.0	3272.0	+39.0	3285.0	3225.0	15459	61739
Jun	3242.5	3283.5	+38.5	3287.0	3241.0	643	17313
Sep	3268.0	3305.0	+39.0	3281.0	3268.0	90	490

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

FT-SE ACTUARIES INDICES - LEADERS & LAGGARDS

FT-SE Actuaries Share Indices — The UK Series

FT-SE Actuaries All-Share

Hourly movements

FT-SE Actuaries 350 Industry baskets

Sector led by Glaxo

The pharmaceuticals sector was led by Glaxo, which also took the accolade as the FT-SE 100's best individual performer and the market's heaviest traded stock as the shares raced higher on news that the German authorities are to ban the use of the intravenous-type anti-ulcer drug Losec, manufactured by Astra, the Swedish pharmaceuticals company. It was emphasised by analysts, however, that the intravenous form of Losec is only a small part of overall sales of Losec. The German ban on the intravenous form of Losec came amid concerns about possible damage to patients hearing and sight.

Losec has long been viewed as the biggest market threat to Glaxo's anti-ulcer drug, Zantac. The Losec news came during an afternoon global conference call organised by Astra.

Mr Andrew Porter, pharmaceuticals specialist at UBS, the securities house, said the latest developments regarding Losec would be seen as good news only in the near-term until the Losec details are clarified. He did emphasise however, Glaxo's "exceptionally attractive" yield. Mr Peter Cartwright, pharmaceuticals specialist and head of research at Williams de Broe, the stockbroker, described Glaxo as "the most attractive stock in the UK pharmaceuticals sector."

Glaxo shares raced up to 712p, before closing a net 25, or 3.7 per cent, higher at 707p. Turnover of 13m was the highest single day's activity in the stock since the group revealed sharply better than expected interim figures on February 17. SmithKline Beecham put on 5 to 396p.

British Steel firm

Turnover in British Steel rose to 9.5m as the shares put on 4 to 141½p, after Thursday's positive meeting with a select group of analysts. Engineering group Siebe closed 9 ahead at 616p, following a bullish presentation at SG Warburg. TI Group improved 13 to 430p, in sympathy with Siebe.

Motor dealer Henlys Group, cheered the market with a turnaround in full year figures. The shares hardened 7 to 352p, after it reported profits of £7.3m, against last year's loss of 2.1m. The company also announced a one-for-four rights issue at 280p, to raise £25.8m for expansion.

Among transport stocks, news of a writ for British Airways dampened enthusiasm for the stock, leaving it to move against the market trend. The shares gave up 5¼ to 434¼p, after trade of 5.4m.

The spectre of big losses following the heavy losses and wild swings in bonds and gilts over the past few weeks continued to cast a shadow over the financial areas of the market.

In the high street banks Barclays, due to report preliminary figures next Wednesday, suffered from intermittent bouts of selling pressure, the shares eventually closing a net 6 off at 512p after good turnover of 5m. The bank is expected to report pre-tax profits of upwards of £800m compared with last year's £242m loss.

Standard Chartered, reporting on Tuesday, and heavily sold throughout the week following HSBC's preliminary figures last Monday, fell a further 17 to 1112p with turnover reaching 1.2m shares. Analysts expect Standard to achieve pre-tax profits of £400m-plus.

HSBC, given a rough ride by the market despite its excellent figures, staged a good recovery, the shares bouncing 20 to 856p. Lloyds managed a minor gain at 578p while TSB were also chased up and settled 6 higher at 249p.

Hambros was the outstanding performer in the merchant banks, the stock price racing up to 385p before closing a net 9 higher at 379p in the wake of the optimism on the UK housing market expressed by associate Hambro Countrywide.

SG Warburg dropped to 820p early in the session before stabilising and closing only marginally easier at 826p. Smith New Court, the securities house and one of the London market's biggest market-making houses, rallied to end the day a net 10 higher at 404p.

Union, the discount house, dropped 6 to 176p following news of the proposed £11m rights issue.

Pearson was one of the best performers in the media sector closing 25 up at 693p, after news of £33m investment in a theme park in near Barcelona, Spain. BZW also reiterated their buy stance on the shares saying that in a fully-valued sector Pearson was one of the few with scope to surprise when it reports on March 28, while a conference earlier in the week in Paris was said to have offered good news on BSkyB.

Reuters continued to gain ground adding 44 more at 2078p, with analysts divided over whether it was buying ahead of the four for one share split scheduled for April 18 or a follow through from good figures and the recent buy recommendation from Smith New Court.

But the general feeling was the sector is due for a period of quiet consolidation and profit-taking. "It's time to let some of the hot air out," said one.

Shares in Goldsborough Healthcare, the nursing home, hospital and homecare group, struggled on their market debut, opening around the 160p level and making heavy weather before picking up to close at their issue price of 170p. Goldsborough was hived off from Kunick, the leisure group.

Calmer views on interest rate prospects kept the retailing and stores sector quiet, although in line with the firmer trend across the market.

Food retailers were particularly strong, with Sainsbury up 12 to 379p and Kwik Save up 8 to 612p as nervousness elsewhere turned buyers towards consumer stocks. WH Smith rose 8 to 513p, with Morgan Stanley putting the stock back on its buy list. Analyst Nicholas Bubb said that the company looked like solving its two problems of Our Price and Do-It-All, with the former being merged with Virgin Retail and a package being assembled to dispose of the latter. He revised his 1994/5 forecasts up from £142m to £148m. Kingfisher rose 8 to 604p and Marks & Spencer was up 7 to 426p.

Leisure stocks had a quiet day, with Rank Organisation rising 19 to 1100p ahead of its share split on March 14. Turnover in Ladbroke, the casino and hotels group, down ¼ at 198¼p, was slightly higher than average at 5.7m, as the market further absorbed Wednesday's results.

Good results and a positive post-results meeting with analysts saw Cookson Group jump 13 to 266p. Volume rose to 5.6m.

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson.
Clare Gascoigne.

Other statistics, Page 14.

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (96).
BUILDING & CNSTRN (1) Campbell & Armstrong, BLDG MATLS & MCHTS (2) Grafton, Kingspan, CHEMICALS (1) Porvair, DISTRIBUTORS (3) Alexanders, Henlys, Norbain, ELECTRNC & ELECT EQUP (4) Chloride, Eurotherm, Nokia Pf., Philips, Vtech, ENGINEERING (7) Atlas Copco B, Morris Ashby, Record, Siebe, Spirax-Sarco, Symonds, Wagon Ind'l., EXTRACTIVE INDS (2) NSM, Watts Blake, HEALTH CARE (1) Isotron, INSURANCE (1) Oriel, INVESTMENT COMPANIES (1) JF Fledgeling Japan, LIFE ASSURANCE (1) Liberty Life Assoc. Africa, MEDIA (5) Abbott Mead Vickers, Phonelink, Shandwick, Ott., EXPLORATION & PROD (1) Ohio Resources, OTHER SERVS & BUSNS (1) Great Southern, PRTNG, PAPER & PACKG (3) Brit. Polythene 7½pc Pf., Sappi, PROPERTY (3) Bolton, Conrad Ritblat, Estates & Agency, SUPPORT SERVS (4) Computer People, Corporate Services, Manpower Inc., Serco.
NEW LOWS (8).
GILTS (1) Exch. 13½pc 1994, DISTRIBUTORS (1) Welpac, INSURANCE (1) Premium Trust, INVESTMENT TRUSTS (2) Baring Emrg. Euro., Johnson Fry Second Utls. Zero Pf., Ott. EXPLORATION & PROD (1) Atlantic Richfield, RETAILERS, GENERAL (1) Brown & Jackson, TEXTILES & APPAREL (1) Ebief 10p.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Alexanders A	25	+	4
Avesco	115	+	7
Bensons Crisps	70	+	4
Campbell & Armst	53	+	3
Cookson	266	+	13
Cosalt	138	+	5
Glaxo	707	+	25
Glynwed	378½	+	10½
Goldsmiths	97	+	6
Jerome (S)	70	+	10
Mirror Group	173	+	6
Morrison (Wm)	119	+	5
Oriel	126	+	9
Pearson	693	+	25
Rhino	46	+	3
Rolls-Royce	174	+	6
Rothmans Uts	445	+	17
Sainsbury (J)	379	+	12
Telspec	258	+	11
Watts Blake	491	+	18
Falls			
British Data	212	–	7
Ebief	16½	–	3½
Life Sciences	135	–	5
Union	176	–	6

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	186.0	187.5	178.3		0.00
AIB Grofund Equity	5	240.4	243.0	257.2		1.41
AIB Grofund Euro	5	185.5	187.1	207.5		0.90
AIB Grofund Eqt Balanced	3	117.8	119.2	123.8		0.99
AIB Grofund Gilt	3	78.63	78.65	81.08		4.27
AIB Grofund Japan	5	184.3	186.1	195.9		0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	6	481.9	483.4	514.3	+1.0	2.18
General Acc	5	534.9	536.6	570.9	+1.2	2.18
UK Growth Acc	6	358.9	361.4	389.7	+0.8	2.40
UK Growth Inc	6	251.3	254.5	270.8	+0.5	2.40
Higher Inc Acc	6	667.2	678.2	719.4	+0.7	3.35
Higher Inc Inc	6	382.0	404.3	430.2	+0.3	3.35
Gilt/Fxd Int Acc	5½	188.2	188.2xd	198.7	-0.3	5.77
Gilt/Fxd Int Inc	5½	94.00	94.00xd	99.28	-0.09	5.77
Nth America	6	250.9	259.4	273.1	+0.3	0.00
Far East	6	362.0	363.0	386.2	+8.5	0.00
Europe	6	268.0	268.1	285.3	+0.1	0.61
Brit Excell	6	72.30	72.30	76.92	+0.10	2.49
Brit Fednatn Acc	6	100.4	101.8	108.3	+0.1	4.18
Brit Fednatn Inc	6	76.21	77.29	82.23	+0.12	4.18
Global Opps	6	84.42	86.07	91.57	+0.89	0.00
Balanced Acc	6	54.18	54.8xd	58.37	+0.18	2.70
Balanced Inc	6	53.70	54.37xd	57.85	+0.00	2.70

Pilgrim Unit Trust Mngmt Ltd (0830)F
39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ
Administration & Dealing:
Unit Trust Accounting & Management Ltd
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	6	107.14	109.08	116.04	-0.55	–
European	6	68.62	69.20	73.62	+0.18	0.00
Global	6	68.02	70.34	74.83	-0.65	–
Pacific	6	69.07	70.2	74.68	-0.98	0.05
UK Income & Growth	6	66.53	67.88	72.21	-0.05	1.88
UK Inc & Grth Acc	6	71.74	73.22	77.89	-0.05	1.84

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Acuma Life Assurance Ltd

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Liver Assurance - Contd.				
Tax Exempt				
Tax Exempt Mgd	69.1	72.7	—	-
S-E-Banken Life Assurance Co Ltd				
149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566				
Managed Fund	157.7	166.1	—	-
Pension Mngd Fd	177.4	186.8	—	-
Save & Prosper Group (z)				
16-22 Western Rd, Romford RM1 3LB 0708-766966				
Bal Inv Fd	770.8	815.7	+0.4	2.18
Convertible AG Bond Fd	161.8	171.3	-0.9	-
Deposit Fd†	360.9	382.0		5.75
Directors' Portfolio	84.8	89.8	-0.1	-
Equity Pens Fd	195.6	207.0	+0.4	-
European Mngd Fd	67.8	71.8	-0.3	-
Gilt Fd	922.3	682.8	+1.0	8.00
Gilt Pens Fd	143.4	151.8	+0.2	7.81
Global Equity Fd	243.1	257.3	+0.5	-
Global Eq Pens Fd	241.8	256.1	+0.3	-
High Int Pens Fd†	132.8	140.4	+0.1	5.47
Japanese Mngd Fd	101.3	107.3	+4.5	-
Managed Income Fd	90.6	93.8	—	6.12
Man Pens Fd	200.9	212.6	—	1.98
North American Mngd Fd	71.5	75.7	—	-
Pacific Mngd Fd	86.6	91.9	-0.7	-
Property Fd*	100.4	106.3	—	6.67
Prop Pens Fd*	131.4	139.1	—	6.58
Taxation Uniplan Managed	233.4	247.0	+0.5	-
UK Capital Portfolio	63.7	67.5	-0.1	-
UK Managed Gth Fd	62.2	65.9	—	-
†Weekly dealings. *Fortnightly dealings				
Scottish Amicable				
150 St Vincent St, Glasgow 041-248 2323				
Life Funds (First Series)				
Managed	472.1	497.0	+2.50	-
Equity	591.0	622.2	+4.20	-
Property	286.8	302.0	—	-
International	472.6	497.4	+2.40	-
Japanese	126.1	132.8	+0.80	-
Asia Pacific	195.7	206.0	+0.70	-

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Life Assurance Co Ltd - Contd.				
Pension Managed Funds				
Skandia Cautious	159.6	167.9	—	-
Skandia Balanced	602.2	633.8	+1.3	-
Skandia Ethical Selection	136.7	146.9	-0.8	-
Skandia Deposit	449.2	472.8	+0.1	-
Abtrust Managed	144.5	152.1	—	-
Baring Managed	165.3	174.0	—	-
BZW Managed	130.8	137.8	-1.9	-
CU Managed	298.3	313.9	+1.8	-
Fidelity Managed	240.8	253.4	+0.3	-
Fleming Managed Inv Tst	160.6	169.0	-1.1	-
F & C Investment Trust	213.8	225.1	—	-
Framlington Managed	374.1	393.7	-0.1	-
Gartmore Managed	400.1	421.1	+1.0	-
Henderson Managed	362.6	381.5	+0.2	-
Hill Samuel Managed	304.7	320.7	-0.9	-
Invesco Managed	285.3	300.3	+1.3	-
James Capel Cove Mngd	160.3	168.7	+0.2	-
Kleinwort Benson Mngd	151.7	159.6	+0.1	-
Martin Currie Mngd	180.5	189.9	-1.5	-
Morgan Grenfell Mngd	184.8	194.5	+0.2	-
Murray Johnstone Mngd	166.7	175.4	-0.6	-
Perpetual Managed	276.4	288.8	-0.2	-
Schroder Managed	153.6	161.5	+0.6	-
Standard Life Assurance Company				
3 George St, Edinburgh EH2 2XZ 031-225 2552				
Managed	712.9	750.5	+4.5	-
Equity	1016.1	1069.6	+6.1	-
Fixed Interest	401.9	423.1	+0.8	-
Index-Linked	209.0	220.0	-0.1	-
International	631.4	664.7	+3.2	-
North American	145.7	153.4	-0.1	-
Far East	170.5	180.0	+0.8	-
European	169.7	178.7	+1.5	-
Property	340.5	358.3	+0.3	-
Cash	262.6	276.7	—	-
Pension Managed	1001.2	1053.9	+6.6	-
Pension Stock Exchange	226.3	238.3	+1.6	-
Pension Equity	1465.2	1542.4	+12.3	-
Pension Fxd Int	544.4	573.1	-0.8	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Greece Fund Ltd				
NAV Mar 3	$73.63		—	—
John Govett Management (Jersey) Ltd				
S'pore Sesdaq Fd NAV Mar 4	$24.0405		—	—
Paragon Fd NAV Feb 28	$10.30		—	—
Paragon Redemption	$9.99		—	—
Hungarian Inv Co Jan 31	$118.18		—	—
Dollar Global Managed Hedge	$11.5780	12.36	—	—
Gth Geared Cur NAV Mar 4	$13.38		—	—
Gth Geared Fd Mar 4	$7.84	8.28	—	—
Govett India Fund	$11.42	11.84	—	—
Jsy Intl Protected Inv Pfolio	£10.2809	10.9591	—	—
Sterling Balanced Hedge	£10.3713	11.06	—	—
Swiss Franc Balanced Hedge	SF10.4473	10.87	—	—
Govett Mngd Ftre Mar 4	£13.48	14.72	—	—
Govett Mngd Ftres Mar 4	$9.39	10.28	—	—
Taiwan Capital	$4.02	0.47	—	—
INVESCO International Limited				
All Funds deal daily except where indicated				
Sterling Denominated Income Funds				
American Equity Inc	£1.9880	2.0470	-0.0070	3.08
Japan Inc & Warth	£2.1540	2.3120	-0.0410	1.42
Sterling Denominated Growth Funds				
Pioneer Markets	£8.0560	8.5120	-0.0880	—
C Mng Portfolio	£2.1650	2.2780	—	1.40
US Dollar Denominated Growth Funds				
Grd NAV 1994	$4.6100		—	—
NMB London Agents				
Apollo Fd Mar 2	SF113.09	121.58	—	—
*Weekly Dealing. †Fortnightly Dealing. ‡Monthly Dealing.				
Jupiter Tyndall (Jersey) Ltd				
Gilt Fd	125.9	132.3	+0.6	7.66
(Accum Shares)	824.8	868.3	+3.7	7.66
Managed Currency Stg	174	181	—	—
International	493	518	—	0.25
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	£3.153	3.364	—	0.66
Dealing Weekly on Thursday				
Lombard Odier (Jersey) Ltd				
Fixed Income Funds				
Oblilux Ltd				
Accumulating Classes				
Class A (US$ Medi)	$33.58		+0.02	—
Class B (US$ Medi)	$25.30		-0.07	—
Class C (US$ Long)	$21.26		-0.08	—
Class D (Japan)	¥4927		+18.00	—
Class E (U.K.)	£28.25		+0.01	—
Class F (DM)	DM17.65		+0.15	—
Class G (DFL)	[illegible]		[illegible]	—

[illegible]

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cresvale Group (u)						
11 Rue Aldringen, L-1118 Luxembourg 071-357 6400						
Managed Convertible (z)	$-		2.22		-0.01	—
Equity Warrt (Japan) (z)	$-		7.97		+0.08	—
Hedge Fund	$-		21.44		-0.05	—
Hedge Fund US$	$-		19.30		-0.01	—
Hedge (2)	£-		98.08		-4.35	—
DB Investment Management SA						
2 Boulevard Konrad Adenauer, Lux 010 352 421011						
Eurorenta	DM-		86.13	88.71	—	—
Dollarrenta	$-		56.14	57.83	—	—
DM Reserve	DM-		158.87	160.47	—	—
Den norske Bank						
2 boulevard Royal, Lux 010 352 4580 3271						
DnB Inv Nordic Bds Cap	NKr-		13770.34		-8.68	—
DnB Inv Nordic Eq Cap	NKr-		13201.24		-34.76	—
Diag Income Fund						
68 Blvd Petrusse, L 2320, Luxembourg (352) 407330						
USA Income	R-		48.02		—	16.00
Dolphin Intl Investments (u) SICAV						
14 rue Aldringen, L-1118 Luxembourg 0534 27301						
Cont Capital Builder	$-		1.3560		-0.0071	—
Intl Growth & Income	$-		5.4188		-0.0025	—
International Bond	$-		5.4098		-0.0004	—
Dresdnerbank Asset Mngmt SA (u)						
6A route de Treves L-2633 Senningerberg 010 352 4534601						
DB-Lux Bondspezial (acc)	DM-		77.73	80.06	—	—
DB-Lux Bondspezial (dis)	DM-		62.44	65.21	—	—
E.T. Investment Management Ltd						
13 Rue Goethe, BP 413, Luxembourg 010 352 4046481						
Establishment Dst Feb 28	9-		2.48		—	—
Eagle Star – Global Assets Fund (u)						
5 Rue Aldringen L-1118 Luxembourg						
Dealing UK 0624 681140 Europe 010 352 471764						
UK Equity	£-		1.652	1.767	+0.004	4.00
Nth Am Equity	£-		1.815	1.936	+0.010	2.00
Japanese Equity	£-		0.895	0.951	-0.002	1.01
Pacific Basin Equity	£-		2.604	2.881	-0.022	3.20
European Equity	£-		1.673	1.777	-0.011	3.00
Sterling Bond	£-		1.067	1.134	-0.002	8.25
US Dollar Bond	£-		1.485	1.566	-0.007	6.25
Japanese Yen Bd	£-		1.308	1.391	-0.006	4.70
Deutschemark Bond	£-		1.180	1.254	+0.002	7.00
Stg Liquid Assets	£-		0.932	0.980	+0.001	6.00
US$ Liquid Assets	£-		1.217	1.294	+0.005	3.50
Japan Yen Liquid Assets	£-		1.209	1.280	-0.002	3.70
D'mark Liquid Assets	£-		1.132	1.203	—	6.00
Global Managed	£-		1.982	2.106	+0.005	2.50

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar4 / US$) (3 pm)

CANADA (Mar4 / Can. $) (3 pm)

EUROPE

AUSTRIA (Mar4 / Sch)

BELGIUM/LUXEMBOURG (Mar4 / Frs.)

DENMARK (Mar4 / Kr)

FINLAND (Mar4 / Mks)

FRANCE (Mar4 / Frs.)

GERMANY (Mar4 / Dm.)

ITALY (Mar4 / Lire)

NETHERLANDS (Mar4 / Fls.)

NORWAY (Mar4 / Kroner)

SPAIN (Mar4 / Pts.)

SWEDEN (Mar4 / Kroner)

SWITZERLAND (Mar4 / Frs.)

AFRICA

SOUTH AFRICA (Mar4 / Rand)

PACIFIC

JAPAN (Mar4 / Yen)

AUSTRALIA (Mar4 / Aust$)

HONG KONG (Mar4 / H.K.$)

MALAYSIA (Mar4 / MYR)

SINGAPORE (Mar4 / S$)

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. xd ex dividend. xc ex scrip issue. xr ex rights. xa ex all.

FT FREE ANNUAL REPORTS SERVICE

INDICES

	Mar 4	Mar 3	Mar 2	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	20854.4	20632.1	25470.40	16/2/94	12167.68	8/3/93
Australia							
All Ordinaries(1/1/80)	2116.8	2151.4	2154.0	2340.60	3/2/94	1495.00	13/1/93
All Mining(1/1/80)	968.7	994.9	994.0	1138.10	3/2/94	584.70	13/1/93
Austria							
Credit Aktien(30/12/84)	440.22	438.64	437.66	460.66	3/2/94	300.28	14/1/93
Traded Index(2/1/91)	1143.25	1137.60	1131.46	1222.25	1/2/94	712.08	15/1/93
Belgium							
BEL20 (1/1/91)	1489.3	1479.49	1479.90	1542.65	9/2/94	1126.46	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	10458.0	10215.0	10733.00	1/3/94	71.47	4/1/93
Canada							
Metals Mints♦(1975)	(u)	3675.76	3654.52	3824.93	1/2/94	2743.31	21/1/93
Composite♦ (1975)	(u)	4370.30	4362.21	4591.30	1/2/94	3276.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2079.96	2080.75	2182.80	1/2/94	1720.97	21/1/93
Chile							
IPGA Gen (31/12/80)	(u)	4396.7	4337.2	4867.80	4/2/94	2612.59	10/5/93
Denmark							
CopenhagenSE(3/1/83)	398.74	393.56	392.31	415.79	2/2/94	261.90	4/1/93
Finland							
HEX General(28/12/90)	1894.3	1876.3	1840.2	1972.00	4/2/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1478.48	1467.13	1450.88	1585.20	2/2/94	1114.19	28/1/93
CAC 40(31/12/87)	2178.69	2154.41	2144.68	2355.93	2/2/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	790.05	788.87	776.33	856.67	4/1/94	598.82	14/1/93
Commerzbank(1/12/53)	2261.40	2257.40	2221.30	2459.00	4/1/94	1694.30	14/1/93
DAX (30/12/87)‡	2060.09	2037.90	2020.33	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1080.24	1076.18	1077.68	1194.58	18/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	9918.19	9902.03	9877.43	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1979)	3801.5	3981.7	4066.2	4287.90	28/2/94	2100.67	23/4/93
Indonesia							
Jakarta Comp.(10/8/82)	521.38	530.37	540.47	612.89	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	1904.45	1895.47	1883.58	2082.16	20/1/94	1191.19	11/1/93
Italy							
Banca Comm Ital (1972)	652.55	649.68	639.35	688.03	18/2/94	446.33	6/1/93
MIB General (4/1/94)	1043.0	1038.0	1022.0	1102.00	18/2/94	944.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	19966.00	19605.86	19744.77	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	299.30	295.32	298.07	308.84	10/11/93	249.64	29/11/93
Topix (4/1/68)	1622.29	1602.33	1615.94	1688.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	2196.02	2187.52	2195.57	2384.87	7/6/93	1681.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1064.34	1070.58	1086.25	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2581.93	2562.68	2881.17	8/2/94	1504.15	25/2/93
Netherland							
CBS TtlRtnGen(End 83)	431.2	430.4	426.4	454.80	31/1/94	295.70	4/1/93
CBS All Shr (End 83)	279.4	278.9	276.3	294.80	31/1/94	198.60	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2181.90	2218.05	2227.68	2439.84	3/2/94	22.80	22/2/94
Norway							
Oslo SE(Ind)(2/1/83)	1174.41	1181.60	1179.13	1211.10	28/2/94	689.93	27/1/93
Philippines							
Manila Comp (2/1/85)	2606.82	2698.05	2699.75	3308.37	4/1/94	1270.68	4/1/93
Portugal							
BTA (1977)	3090.1	3076.0	3056.3	3228.80	18/2/94	1608.20	14/1/93
Singapore							
SES All-S'pore(2/4/75)	588.24	588.09	585.11	641.61	4/1/94	394.18	13/1/93
South Africa							
JSE Gold (28/9/78)	1894.0♥	1914.0	1923.0	2331.00	4/1/94	775.00	5/1/93
JSE Indl. (28/9/78)	5759.9♥	5679.0	5633.0	5822.00	4/2/94	4333.00	19/4/93
South Korea							
KoreaCmpEx(4/1/80)**	896.55	902.18	906.66	974.26	2/2/94	605.93	6/3/93
Spain							
Madrid SE (30/12/85)	335.16	329.81	325.16	358.31	31/1/94	215.80	4/1/93
Sweden							
AffarsvardnGen (1/2/37)	1513.10	1507.30	1492.40	1683.90	31/1/94	879.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1324.44	1294.99	1280.64	1423.34	31/1/94	904.80	11/1/93
SBC General (1/4/87)	1002.55	982.58	973.35	1093.29	31/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	5872.87	5457.74	5429.37	6454.52	6/1/94	3098.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1359.25	1340.38	1339.12	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Cmp.(Jan 1986)	15592.4	15408.9	15640.8	20883.60	13/1/94	3985.53	1/1/93
WORLD							
MS Capital Int (1/1/70)$	618.0*	616.6	618.8	641.00	1/2/94	488.80	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1428.41	1414.65	1393.80	1540.18	31/1/94	1083.02	13/1/93
Euro Top-100 (26/6/90)	1232.19	1215.64	1202.49	1311.01	2/2/94	862.73	13/1/93
JCapelDrgns (31/12/88)	(u)	323.31	325.87	385.19	5/1/94	188.92	4/1/93
Barings Emerg.(7/1/92)	163.35	162.67	164.16	182.72	14/2/94	99.81	4/2/93

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	SettPrice	Change	High.	Low	Est vol.	Open int.
Mar	2168.0	2183.0	+21.0	2187.0	2160.0	19,929	51,283
Apr	2178.0	2193.5	+21.5	2193.0	2177.0	87	1,790
May	2192.5	2198.0	+21.0	2192.5	2192.5	-	825

Open interest figures for previous day.

** Sat Feb 26: Taiwan Weighted Price 5590.27; Korea Comp Ex 928.31. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 4 – 2076.78 +32.31

US INDICES

Dow Jones	Mar 3	Mar 2	Mar 1	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3824.42	3831.74	3809.23	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	103.08	103.14	103.40	109.77 (18/10/93)	103.08 (3/3/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1729.87	1731.86	1749.63	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	210.26	211.64	209.40	256.46 (31/8/93)	207.29 (24/2/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3862.13 (3845.25) Low 3784.74 (3741.69) (Theoretical♣) Day's high 3832.58 (3832.30) Low 3808.95 (3758.04) (Actual♣)

Standard and Poors	Mar 3	Mar 2	Mar 1	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	463.01	464.81	464.44	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	542.73	544.48	543.93	560.59 (2/2/94)	498.46 (28/4/93)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	42.80	43.00	43.43	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	254.68	257.47	257.81	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	465.65	466.32	469.96	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	784.58	783.47	788.64	800.47 (31/1/94)	645.87 (26/4/93)	800.47 (31/1/94)	54.87 (31/10/72)

■ RATIOS

	Feb 25	Feb 18	Feb 11	Year ago
Dow Jones Ind. Div. Yield	2.62	2.59	2.58	3.02
	Mar 2	Feb 23	Feb 16	Year ago
S & P Ind. Div. yield	2.39	2.38	2.34	2.53
S & P Ind. P/E ratio	24.34	26.09	26.18	26.88

■ STANDARD AND POORS 500 INDEX FUTURES $500 times Index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	463.20	463.50	+0.70	463.90	462.15	104,190	159,703
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Telefonos	5,467,500	66¾	-⅜
Merck	4,538,800	31⅛	-⅛
West Digital	3,829,400	18¼	+⅛
Chrysler	3,398,200	58⅛	+⅜
Nat Semi	3,301,600	23⅛	+⅝
Gen Motors	3,051,500	60¾	+¼
RJR Nabisco	3,017,800	7	+⅛
Glaxo	2,958,600	21⅛	+½
Citicorp	2,652,200	38½	-1⅛
Conner Per	2,622,100	19⅛	+⅛

■ TRADING ACTIVITY

● Volume (million)	Mar 3	Mar 2	Mar 1
New York SE	282.998	361.125	300.028
Amex	20.818	24.740	17.084
NASDAQ	(u)	326.638	307.308
NYSE			
Issues Traded	2,738	2,766	2,765
Rises	944	771	711
Falls	1,171	1,426	1,425
Unchanged	623	569	629
New Highs	57	25	42
New Lows	85	178	87

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

AMERICA

Dow climbs after mixed jobs report

Wall Street

After an indecisive start, US share prices rose across the board yesterday morning in the wake of a mixed February employment report that was seen as mostly positive for equities, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was up 12.38 at 3,836.80. The more broadly based Standard & Poor's 500 was also firmer at the halfway stage, up 2.32 at 465.33, while the American Stock Exchange composite was 0.11 higher at 465.76 and the Nasdaq composite up 4.89 at 789.47. Trading volume was 190m shares by 1 pm, and rises outpaced declines by 1,220 to 722.

For an increasingly nervous stock market, yesterday's keenly-awaited February jobs data ultimately proved to be good news. At first, however, it looked anything but, with bond prices tumbling after the Labor department announced a 217,000 increase in monthly non-farm payrolls, and a drop in the civilian unemployment rate from 6.7 per cent to 6.5 per cent.

The rise in payrolls was much bigger than expected, and the decline in the jobless rate came as a surprise, prompting the bond market to worry that the strong numbers would persuade the Federal Reserve to raise interest rates again to stop the rapidly-growing economy from pushing up inflation.

A second glance at the data, however, proved more rewarding. Among the positive aspects were a sharp downward revision in the January payrolls number, and a weaker-than-expected worker earnings figure. Consequently, the bond market bounced back from impressively from its early losses, with the yield on the benchmark 30-year government bond dropping from above 6.9 per cent to 6.85 per cent.

Stocks also benefited. After a mixed start, share prices turned decisively higher around mid-morning, and just before midday the Dow was sitting on a gain of more than 20 points. The stock market was ultimately pleased with the February jobs report because while it showed continued strength in the labour market, it was not so strong that it badly spooked the bond market. Stocks were also cheered yesterday by news of a 0.3 per cent rise in leading economic indicators.

Among individual sectors, car stocks continued to outshine the wider market. Chrysler put on $1⅝ to $59⅝, General Motors added $1⅝ at $62¼, and Ford climbed $1⅝ to $65.

Financial stocks, which have been hit hard recently by concern about the impact of rising interest rates on bank and brokerage company profits, rebounded. Citicorp rose $1 to $39⅝, Chemical added $⅝ at $36⅝, Chase Manhattan firmed $⅝ to $31⅝, and NationsBank rose $⅝ to $47⅝.

On the Nasdaq market, technology sector leaders were mostly higher, with Apple up $1 at $36⅞ and Intel up $1¼ at $69¼.

Canada

Toronto traded higher at midday as precious metals recouped earlier losses and mining issues posted further gains.

The TSE 300 composite index rose 10.60 points to 4,380.80 in volume of 34.68m shares.

Gold and silver climbed 25.44 to 10,007.35 with Lac Minerals, C$⅝ higher at C$11⅝, leading the most active list.

SOUTH AFRICA

Steady local demand, and a more positive political mood boosted the overall index to a strong finish, but golds drifted lower on a weaker gold price. The gold index lost 20 to 1,894, industrials rose 80 to 5,759 and the overall 71 to 5,002.

New threat to turbulent US financial markets

Renewed volatility after two years of relative calm is making matters worse, writes **Patrick Harverson**

After enjoying mostly plain sailing throughout 1992 and 1993, investors in US stocks have encountered some rough seas in the past month.

The turbulence of the past few weeks has been particularly unsettling because the year started so well. In January, the Dow Jones Industrial Average climbed more than 200 points, or almost 6 per cent, to a record high of 3,978.36. The Standard & Poor's 500, a broader measure of market performance, advanced by 3.5 per cent to a peak of 481.61.

The end of January, however, proved to be the lull before the storm. In February, share prices struggled to keep their footing. The Dow fell 150 points, or 3.7 per cent, during the month, and the S & P 500 declined by 3 per cent.

The sudden change in climate was prompted by the Federal Reserve's decision on February 4 to raise short-term interest rates by pushing the Federal funds rate up from 3 per cent to 3.25 per cent. It was the first tightening of monetary policy in five years and, although a rate increase had been expected on Wall Street, the timing caught investors off guard.

The move was seen as an attempt by the Fed to keep long-term interest rates low by displaying its readiness to take pre-emptive action against the threat of inflation. It was also partly a technical manoeuvre, designed to bring real interest rates (nominal interest rates minus the rate of inflation) back up from near zero to more historical levels.

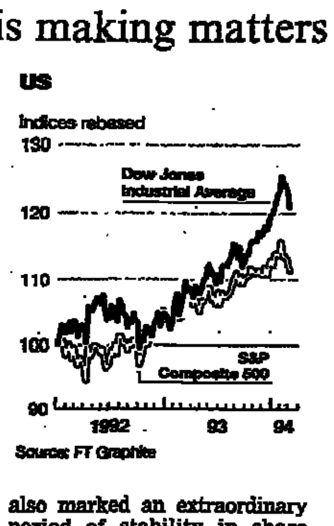
The rate increase, however, has had a disastrous impact on bond and stock market sentiment. Bond prices have tumbled, and yields have jumped amid growing concern that the heady pace of recent growth is stoking inflationary fires within the economy.

Some analysts on Wall Street are appalled at this mess. Ms Nancy Kimelman, chief economist with Technical Data, says: "There should be no question in anyone's mind that the move in the funds rate from 3 per cent to 3.25 per cent, intended to reduce inflationary expectations, failed miserably. Not only has the bond market responded to the rise in short-term rates by jacking up the yield on the long bond by 75 basis points, but markets around the world, which have been rather complacent about inflation, are now focused almost entirely on the prospect of renewed inflation. The question is: will the Fed try this again?"

To make matters worse, financial markets also now have to contend with the threat of a trade war between the US and Japan. On Thursday, President Clinton reinstated the "Super 301" provision to US trade law that allows the government to impose trade sanctions against any country which employs unfair trade restrictions on US goods and services. The bond market is particularly fearful of a trade war because it could lead to a sharp rise in the price of imported Japanese goods, which would only fuel inflation further.

If declining prices have not been bad enough for investors, the return of volatility is also making their lives miserable. While 1992 and 1993 will be most remembered for the stock market's impressive performance, and the unprecedented flows of investor cash into the equity market, those two years also marked an extraordinary period of stability in share prices.

US



Source: FT Graphite

Mr David Shulman, the chief stock market strategist at Salomon Brothes in New York, highlighted the unusual lack of volatility in the last few years in a recent report. He found that share price volatility, as measured by the percentage difference between the S & P 500's peak and trough of each year, was remarkably low in 1992 and 1993, measuring 11.8 per cent and 9.8 per cent, respectively. Both were record lows for volatility, and compared with an average volatility in the S & P 500 since 1934 of 28.4 per cent.

Mr Shulman explains the sharp drop in volatility between 1992 and 1993 by pointing to a decrease in correlation between the S & P 500 and its constituent industry groups. While traditionally, the index's industry groups have tended to move as one (when auto stocks do well, so do drug stocks, when transportation stocks are weak, so are financials), in 1992 group correlation began to fall sharply as the different sectors started dancing to different beats.

The main reason for this, says the Salomon analyst, was high share valuations, which forced money managers to rotate holdings rapidly in a continual search for sectors that were either cheap or had price and/or earnings momentum. The end result was less correlation between industry groups, so less volatility, because when one sector did well, another performed badly. The two cancelled each other out, leaving the S & P 500 little changed.

In the past month or so, however, volatility has begun to return, with the S & P 500 groups moving in tandem once again. This helps explain why, since the February rate increase, the market has been up sharply one minute, and down just as sharply the next - a consequence of many sectors moving in the same direction.

Why is this happening? Mr Shulman ventures that it is both a statistical regression to the mean, and the result of an economic recovery that is finally beginning to look more normal. And when the economy returns to normal, so does the pattern of share price movements.

The message in all this is that investors should expect more volatility in coming months. This is a worrying prospect, because in the past, when periods of unusually low volatility have come to a close, they have more often than not been followed by a decisive movement in the stock market.

With share prices so high, Mr Shulman warns that the decisive movement this time is likely to be downward. For investors, more stormy seas may lie ahead.

EUROPE

Continental bourses continue an uncertain recovery

Bourses continued their recovery yesterday, but strategists took a dim view of immediate prospects, *writes Our Markets Staff.* Nomura said "sell Europe"; and while Goldman Sachs stayed positive about global equities on a 12-18 month view, it reckoned that a further correction of 5 to 10 per cent could be on the cards for the continent.

FRANKFURT looked good, with the Dax up another 22.19 to close the week only 0.7 per cent lower at 2,060.09, and bridging the rest of the gap in the post-bourse where the Ibis-indicated close was 2,076.76.

However, this was not a convincing rally, said Mr Jens Wiecking of Merck Finck in Düsseldorf: equities moved on futures trades rather than fundamentals.

Turnover fell from DM9.5bn to DM6.8bn. Schering fell another DM12.50 to DM995.50 for a 5 per cent drop on the week, reflecting worries about capacity and competition for its Betaseron multiple sclerosis drug.

PARIS reacted to the US jobs data with a late kick higher, pushing the CAC-40 index up 24.28 to 2,178.69, a 1 per cent rise on the week. Turnover was FFr4.2bn.

A number of stocks which had been battered in mid-week were pulled higher on bargain hunting: Elf Aquitaine adding FFr4.50 to FFr412.50 and UAP FFr4.40 to FFr184.70.

Canal Plus put on FFr35 or nearly 4 per cent to FFr998 as the media group announced that it had formed a strategic alliance with Bertelsmann of Germany.

AMSTERDAM ended the week almost where it started, the AEX index rising 1.84 to 414.25.

The improvement in sentiment was largely the result of good results on Thursday from DSM and Philips, which continued to rise yesterday. The chemical group added Fl 4.30 to Fl 116.00, while Philips put on Fl 1.60 to Fl 51.60, but off a session high of Fl 53.50, as some profits were taken.

KBB, the department store group, firmed Fl 4.10 to Fl 118.10 on a 17 per cent gain in 1993 operating profit.

FT-SE Actuaries Share Indices

Mar 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1424.29	1423.69	1425.33	1424.59	1425.91	1427.34	1429.93	1428.41
FT-SE Eurotrack 200	1484.22	1483.55	1484.23	1485.36	1488.87	1485.86	1490.51	1489.46

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 25
FT-SE Eurotrack 100	1414.65	1393.60	1431.16	1456.43	1448.01
FT-SE Eurotrack 200	1475.40	1462.08	1489.07	1512.74	1499.35

Base value 1000 (26/10/90); High/day: 100 - 1431.78; 200 - 1494.91 Low/day: 100 - 1422.98 200 - 1481.48.

ZURICH recovered another 2.2 per cent as results from Credit Suisse proved above most expectations. The SMI index added 61.8 to 2,865.2 leaving the market, 5.6 per cent lower after the first three days, only 2.2 per cent down over the week.

CS Holding put on SFr11 to SFr647 as analysts began revising upwards their estimates for its preliminary results due on Tuesday. Banks are seen as the key to the market's direction next week: heavy US selling of the sector was responsible for the market's weakness early in the week.

Motor-Columbus rose SFr120 or 8.7 per cent to SFr1,570 on the sale of its Swiss cable television subsidiary.

MILAN remained in positive territory, the Comit index adding 2.87 to 652.55, little changed on the week.

The market took heart from news that net inflows for Italian mutual funds remained at a record level in February. But the mood was bruised by a later announcement that Italian car deliveries fell 15 per cent in February from the year earlier. Fiat retreated from a day's high of L4,785 to finish L55 ahead at L4,771.

MADRID was led higher by construction stocks on government approval of an infrastructure plan. The general index closed up 5.35 at 335.16, a fraction lower on the week.

STOCKHOLM fell behind the pack, the Affärsvärlden General index rising only 5.80 to 1,513.10, 1.4 per cent lower on the week. Astra A fell SKr5 to SKr171, after an intraday low of SKr160, after the German authorities proposed to withdraw approval for intravenous use of the company's anti-ulcer drug, Losec.

BRUSSELS featured a 13 per cent gain in the steelmaker, Clabecq, as the Bel-20 index rose 9.81 to 1,489.30, 0.8 per cent lower on the week. Clabecq advanced BFr146 to BFr1,248 on its late Thursday forecast that it would return to a positive cash flow by mid-1994, following losses last year.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei rises 1.8% in volatile region

Tokyo

Investors failed to react to the decision by the US government to reinstate the Super 301 trade provision, and share prices gained ground on active buying by arbitrageurs and investment trust funds, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average rose 360.14, or 1.8 per cent, to 19,966.00, up 0.8 per cent on the week, having fallen to a low of 19,627.96 in the morning and peaking at 20,052.11 in the afternoon.

Investors, who had expected the yen to rise on the announcement of the revival of Super 301, were relieved after the Bank of Japan's heavy yen selling intervention kept the currency from rising against the dollar.

The Topix index of all first section stocks rose 19.96 to 1,622.29, while the Nikkei 300 rose 3.98 to 299.30. Volume totalled 294m shares against 410m.

In London, the ISE/Nikkei 50 index rose 2.39 to 1,341.11.

Nippon Telegraph and Telephone rose Y30,000 to Y958,000, along with other multi-media related stocks. NEC rose Y24 to Y1,020 and Sony gained Y120 to Y6,180.

Arbitrage buying supported banks with Industrial Bank of Japan rising Y50 to Y3,310 and Fuji Bank gaining Y30 to Y2,290. Brokerages were also firm, with Nomura Securities up Y20 to Y2,290 and Daiwa Securities advancing Y50 to Y1,730.

Hitachi, the day's most active issue, lost Y2 to Y925, posting its third consecutive fall on profit-taking.

In Osaka, the OSE average rose 260.63 to 22,069.16 in volume of 104.7m shares.

Roundup

There were a spread of performances among the region's markets yesterday.

HONG KONG remained volatile with the market again moving upwards, helped by steadier activity overseas. The Hang Seng index gained 116.16 to 9,918.19, down 1.8 per cent over the week.

Turnover fell to HK$4.7bn from Thursday's HK$5.3bn.

Domestic investors concentrated on property stocks, with the sub-index improving 389.64 or 2.13 per cent, to 18,648.57. Investors are anticipating strong results from property companies later this month.

SEOUL fell for the fourth consecutive session, the composite index shedding 5.61 to 896.55, a week's loss of 2.5 per cent. Turnover rose to Won459.4bn against Thursday's Won429.4bn.

Export-oriented companies went against the trend: Samsung Electronic rose Won100 to Won71,100 and Hyundai Motor Won600 to Won42,300.

TAIWAN firmed 3.9 per cent on reports that the central bank would raise the $5bn ceiling on combined foreign investment in the market.

The weighted index rose 215.13 to 5,672.87, only marginally higher across the week. Turnover was impressive at T$73.1bn from Thursday's T$38.7bn. The financial sector climbed 6.3 per cent, while electronics were favoured by foreign investors.

MANILA fell across the board, the composite index dipping 91.23 to 2,606.82 as turnover rose to 323.6m pesos from Thursday's 817.9m. The market has fallen nearly 12 per cent since last Thursday – the market was closed on Friday – with foreign institutional investors remaining absent and domestic retail investors selling heavily.

PLDT lost 25 pesos to 1,865, after a drop of 50 cents to $66.75 on overnight trading in New York.

AUSTRALIA retreated sharply on worries over a possible rise in US interest rates. The All Ordinaries index dived 34.6 to 2,116.8, a week's loss of 1.5 per cent. The market is now at its lowest level since December 24 1993.

BOMBAY lost 4.4 per cent, partly in continued reaction to Monday's budget and worries over falling prices of Indian global depositary receipts on international markets. Brokers commented that this might stop foreign institutional investors from buying in the Indian bourses. The BSE index shed 175.07 to 3,806.65, bringing its fall since Monday, when budget proposals were presented, to 11 per cent.

BANGKOK rose on strong buying of financial stocks. The SET index put on 18.87 to 1,359.25, off 4.2 per cent across the week. Turnover was Bt7.7bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY MARCH 3 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MARCH 2 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	171.48	0.3	170.05	112.79	152.33	161.45	-0.1	3.30	171.00	169.56	112.06	151.47	161.55	189.15	130.19	134.70
Austria (17)	186.01	0.3	184.47	122.36	165.24	165.16	0.8	0.97	185.46	183.89	121.53	164.27	163.82	195.41	139.63	150.96
Belgium (42)	164.24	-0.4	162.86	108.04	145.90	142.65	0.0	4.03	164.90	163.50	108.06	146.06	142.67	169.08	141.52	141.52
Canada (107)	134.17	0.5	133.06	88.26	119.20	131.63	0.4	2.56	133.50	132.36	87.48	118.24	131.06	145.31	120.67	120.67
Denmark (33)	261.69	0.2	259.53	172.14	232.48	237.77	0.2	0.97	261.18	258.96	171.15	231.33	237.21	275.79	195.66	202.48
Finland (22)	148.05	2.7	146.83	97.39	131.53	172.11	2.0	0.69	144.21	142.99	94.50	127.73	168.71	156.72	70.02	73.67
France (98)	173.10	0.5	171.67	113.86	153.78	157.78	0.6	2.95	172.29	170.83	112.91	152.61	156.92	185.37	149.60	159.34
Germany (59)	129.25	0.2	128.19	85.02	114.83	114.83	0.5	1.85	128.94	127.85	84.50	114.20	114.20	142.38	107.59	113.43
Hong Kong (56)	397.47	-0.9	394.19	261.46	353.12	394.36	-0.9	2.66	400.92	397.53	262.73	355.12	397.78	506.56	233.84	259.92
Ireland (14)	187.28	0.8	185.73	123.20	166.38	184.23	0.8	3.20	185.77	184.20	121.74	164.55	182.81	209.33	137.81	141.72
Italy (69)	73.08	1.6	72.48	48.07	64.92	91.80	1.3	1.84	71.91	71.30	47.13	63.70	90.59	78.93	55.21	63.91
Japan (480)	154.35	-1.2	153.07	101.53	137.13	101.53	-0.8	0.80	156.28	154.96	102.41	138.43	102.41	165.91	107.98	108.91
Malaysia (69)	504.70	-2.6	500.53	332.00	448.38	529.34	-2.3	1.39	518.05	513.67	339.49	458.87	542.00	621.63	274.40	275.01
Mexico (18)	2258.44	2.2	2239.76	1485.62	2006.36	8000.41	1.9	0.63	2209.65	2190.93	1448.01	1957.15	7851.74	2647.08	1431.17	1499.32
Netherland (26)	198.06	0.7	196.42	130.29	175.96	173.48	1.0	3.08	196.76	195.09	128.94	174.28	171.75	207.43	161.40	161.40
New Zealand (14)	69.45	-0.5	68.87	45.68	61.70	64.72	-0.6	3.59	69.77	69.18	45.72	61.80	65.13	77.59	45.22	45.84
Norway (23)	201.12	0.6	199.45	132.30	178.67	202.31	0.7	1.56	200.01	198.31	131.07	177.15	200.86	208.42	139.73	139.73
Singapore (45)	332.30	-1.8	329.56	218.59	295.22	242.18	-1.7	1.66	338.48	335.82	221.81	299.81	246.30	378.92	213.57	223.41
South Africa (60)	248.93	2.2	246.87	163.75	221.15	252.19	1.2	2.20	243.58	241.51	159.62	215.74	249.29	290.26	160.78	162.18
Spain (42)	142.49	1.7	141.32	93.73	126.59	151.06	1.6	3.87	140.07	138.88	91.79	124.06	148.69	155.79	116.33	126.09
Sweden (36)	214.09	-0.4	212.33	140.83	190.20	253.41	-0.7	1.47	214.88	213.06	140.82	190.33	255.30	230.02	154.79	163.79
Switzerland (49)	159.23	0.9	157.91	104.74	141.46	141.41	1.1	1.59	157.72	156.39	103.36	139.70	139.88	176.56	111.01	112.64
United Kingdom (215)	199.28	0.0	197.64	131.09	177.05	197.64	0.0	3.67	199.29	197.60	130.60	176.52	197.60	214.96	168.46	170.53
USA (518)	188.39	-0.4	186.83	123.92	167.36	188.39	-0.4	2.80	189.12	187.52	123.93	167.51	189.12	196.04	176.91	183.50
EUROPE (745)	166.93	0.4	165.55	109.81	148.29	159.76	0.5	2.88	166.29	164.88	108.97	147.29	159.04	178.58	138.88	140.73
Nordic (113)	208.31	0.3	206.59	137.03	185.06	214.48	0.0	1.25	207.78	206.00	136.15	184.02	214.52	220.80	145.85	151.18
Pacific Basin (722)	163.70	-1.2	162.35	107.68	145.43	112.37	-0.9	1.07	165.66	164.26	108.56	146.74	113.36	168.80	113.99	114.78
Euro-Pacific (1467)	164.89	-0.5	163.53	108.47	146.48	130.96	-0.3	1.82	165.77	164.37	108.63	146.83	131.38	170.78	124.48	125.28
North America (625)	185.02	-0.3	183.49	121.71	164.37	184.47	-0.3	2.79	185.67	184.10	121.67	164.45	185.12	192.73	173.70	179.61
Europe Ex. UK (530)	146.35	0.6	145.14	96.27	130.01	137.48	0.7	2.35	145.44	144.20	95.31	128.82	136.48	155.73	120.02	122.15
Pacific Ex. Japan (253)	254.84	-0.9	252.83	167.70	226.49	234.63	-0.9	2.57	257.27	255.10	168.60	227.88	236.89	298.21	164.34	172.27
World Ex. US (1652)	166.26	-0.4	164.88	109.36	147.70	134.20	-0.2	1.83	166.96	165.55	109.41	147.88	134.53	172.51	125.68	126.35
World Ex. UK (1955)	170.04	-0.5	168.63	111.85	151.06	148.64	-0.3	2.02	170.82	169.37	111.94	151.30	147.13	175.58	141.21	142.17
World Ex. So. Af. (2110)	172.17	-0.4	170.74	113.25	152.95	150.33	-0.3	2.18	172.92	171.46	113.32	153.16	150.80	178.56	143.71	144.63
World Ex. Japan (1701)	184.25	-0.1	182.73	121.20	163.69	180.18	-0.1	2.79	184.37	182.81	120.82	163.30	180.28	195.20	163.82	164.87
The World Index (2170)	172.60	-0.4	171.18	113.54	153.34	151.13	-0.3	2.18	173.32	171.85	113.58	153.51	151.59	178.97	143.74	144.64

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
Allied-Lyons	600	41½	52	60½	8½	25	31½
(*628)	650	14	26½	36½	32½	53	59
Argyll	240	19	27	32½	6	18	22½
(*250)	260	9	17	23½	19	30	33½
ASDA	60	5	8	10	4	6½	8½
(*60)	70	2	4½	6	11½	13½	15
Brit Airways	420	26	38	46	11	23	30
(*434)	460	7½	19	28½	33½	47½	52½
Saill Bchm A	390	22	35	44	16½	29	35½
(*393)	420	8	23	31	36½	47	54
Boots	500	44½	54	61	5½	17	21½
(*534)	550	14½	25½	34½	27½	42½	46½
BP	360	16½	27	33½	10½	19	24½
(*363)	390	5½	14	28½	31	37½	41½
British Steel	140	9	14½	18	7	12	14½
(*141)	160	2	6½	10	20½	24½	27
Bass	500	44	56½	68	7	17	23
(*533)	550	14	29	42	29	42	47½
Cable & Wire	450	28	44	–	12	25	–
(*463)	475	14	30	–	22	35	–
Courtaulds	500	41	53	61½	7	21	26½
(*529)	550	13	27½	37½	31	48½	53
Comm Union	600	22½	42	48½	17½	28	36½
(*602)	650	6	19½	24½	53½	59½	67½
ICI	700	52	64	72	10½	24½	35
(*745)	750	18	37	47	38	50	61
Kingfisher	600	28	42	52½	21½	39	48
(*603)	650	9½	21½	32½	56	71	78½
Land Secur	700	29	46½	48	12	29	33
(*712)	750	7½	18½	25	42	61	64
Marks & S	420	18	27	34	10½	20	23½
(*426)	460	4	11½	17	37½	46½	48
NatWest	460	36	50½	58½	9½	18½	25½
(*483)	500	15	28	38	29½	38	46
Sainsbury	360	31	38	46½	9	21½	24½
(*379)	390	15	24½	31	24	37	40½
Shell Trans.	700	14	31	38½	25	35	45½
(*701)	750	3	14	19½	68½	71½	78
Storehouse	220	14	21½	26	5½	15	15
(*226)	240	5	12	17	16½	25	26
Trafalgar	106	11	16½	–	5½	10½	–
(*109)	115	6½	12½	–	11	16	–
Unilever	1100	30	52	68	33½	44	57½
(*1105)	1150	10½	30½	46	72½	77	88½
Zeneca	750	25½	46½	68	30½	43½	56½
(*760)	800	8½	24	38½	67½	75	87
Option		May	Aug	Nov	May	Aug	Nov
Grand Met	460	44½	65½	64½	8½	15½	21½
(*492)	500	21	32	43	25½	33	38½
Ladbroke	180	25	31½	35	4	9	14
(*199)	200	12½	19½	24½	12½	18	24½
Utd Biscuits	330	28	36	41	8½	14½	21½
(*353)	360	11½	22	26½	26	32	37
Option		Mar	Jun	Sep	Mar	Jun	Sep
Fisons	120	13	19½	26	3	9	13½
(*129)	130	6½	14½	20½	7	14½	18½
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero	500	41½	60½	76½	33½	49½	62
(*500)	550	24	40	58½	72	80	91
BAT Inds	450	38	48½	53½	13	22½	30½
(*488)	500	17	27	34½	36	45	53
BTR	360	16½	25½	31	18½	24	31
(*363)	390	6½	13½	19	40½	44½	50
Brit Telecom	420	29	38	43½	7	17½	22½
(*437)	460	9	17½	24	29	38½	44
Cadbury Sch	498	18	–	–	20½	–	–
(*496)	542	5	–	–	59½	–	–
Eastern Elec	600	60	72	77½	7	20	27
(*646)	650	27½	42	48½	26	43½	50½
Guinness	500	38	51½	62½	18	29½	35½
(*523)	550	14	28	39	49	58	63½
GEC	300	20½	27	39	7½	15	18½
(*309)	330	6½	11½	16	23	33½	36½

Option		Calls May	Aug	Nov	Puts May	Aug	Nov
Hanson	260	16½	20½	24½	6½	11	14½
(*267)	280	7	11½	15½	17½	22	25½
Lasmo	130	14½	21	25½	12	17	21
(*131)	140	10	16½	21	18	23	27½
Lucas Inds	200	25½	32	36	5½	10½	15½
(*219)	220	12½	20½	25	14½	19½	25½
P & O	650	51½	70	81	16	31	46
(*684)	700	24½	45	56	40	57½	74
Pilkington	180	25	29½	34	4	8½	10½
(*198)	200	12	18	22½	12	17½	19½
Prudential	300	27½	33	37½	7½	12	17
(*322)	330	9	17½	23½	24	29	33
RTZ	800	68½	86½	98½	18	30	42½
(*847)	850	33½	57½	72	38½	53½	65½
Redland	550	37½	48½	68½	23	33½	46
(*573)	600	13½	26	38	55½	64	75
Royal Insce	280	22½	32	37	13½	18	23½
(*285)	300	13½	21	27½	25½	29	34
Tesco	220	18	24	30	8½	14	18
(*230)	240	8	14½	21	22	25½	29½
Vodafone	600	34½	54½	72½	29	46½	57
(*600)	650	15½	33½	51½	61½	76	85½
Williams	390	18½	26	32½	18½	25	31
(*393)	420	6½	14	21	40	44	49½
Option		Apr	Jul	Oct	Apr	Jul	Oct
BAA	1000	35	54	74½	26½	46½	55
(*1001)	1050	14½	31½	52	58½	75	83½
Thames Wtr	500	40	49	63½	5½	18½	23
(*531)	550	9½	20	27	28	47	51
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Natl	460	32½	38	49½	5	15	23
(*489)	500	5½	17½	30½	27½	36	43½
Amstrad	35	4	6	8	1½	3½	4½
(*37)	40	1½	4	6	4	6	7½
Barclays	500	22½	37	47½	16	28	37
(*511)	550	4	15	25	52	58½	67½
Blue Circle	330	22½	32	44	4	14½	23
(*346)	360	5½	17½	30½	18½	32	39
British Gas	300	22½	28	31½	2	9	12½
(*319)	330	4	11	18	14½	25½	29
Dixons	200	18½	28	30½	3½	8	15
(*213)	220	5	16½	20	12½	17½	25
Hillsdown	160	19½	22	25	1½	6½	8½
(*177)	180	5½	9	14½	8	17½	19½
Lonrho	140	18	25½	30½	2	8	13½
(*155)	160	5	15½	28½	10	17½	23½
Nat Power	460	22½	38	44	5	18½	27
(*476)	500	3½	16	27	27½	42	48½
Scot Power	390	28	38	44	4	12½	22½
(*407)	420	6½	20	28½	18½	27	38
Sears	120	4½	7½	11	4	8	10½
(*120)	130	1½	4½	6½	11½	15½	17
Forte	260	14	21	29	4	14½	19½
(*269)	280	4	11½	19½	15	26½	31
Tarmac	200	7	17½	25	7	16½	21½
(*200)	220	1½	9½	16½	22½	29½	34
Thorn EMI	1050	54	82	101	8½	26½	49
(*1093)	1100	18½	51½	68½	26½	48½	74½
TSB	240	15	24½	33	4	10½	16
(*249)	260	5½	16½	22½	14	20½	26½
Tomkins	240	20½	27	33	2	8	13½
(*257)	260	6	14½	22	8½	16	23½
Wellcome	650	22	50	71	17½	41½	55
(*656)	700	7½	29	50	51	72	85
Option		Apr	Jul	Oct	Apr	Jul	Oct
Glaxo	700	38	64	77½	27	46½	63
(*707)	750	16½	43½	55½	57½	74½	92
HSBC 75p shs	850	47	82	108	58½	88½	101
(*857)	900	33	62½	80½	91½	118	130
Reuters	2050	85½	145	187	68	112	138
(*2077)	2100	58½	118	161	96	143	162
Option		May	Aug	Nov	May	Aug	Nov
Rolls-Royce	160	18½	24	27½	5	9½	13½
(*174)	180	8	13½	17½	15	19½	23½

* Underlying security price. Premiums shown are based on closing offer prices.
March 4, Total contracts: 38,727 Calls: 22,886 Puts: 15,841

FT GOLD MINES INDEX

	Mar 3	% chg on day	Mar 2	Mar 1	Year ago	Gross div yield %	52 week High	Low
Gold Mines Index (34)	1990.63	-0.2	1994.23	2022.28	1149.60	1.90	2367.40	1136.83
■ Regional Indices								
Africa (15)	2671.40	+0.6	2655.68	2731.12	1258.83	5.10	3440.60	1242.59
Australasia (8)	2385.04	-2.2	2439.38	2527.21	1186.90	1.51	3013.89	1164.72
North America (11)	1893.81	-0.1	1894.71	1744.52	1100.49	0.56	2039.85	1095.36

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Mar 4 : 206.5 ; day's change: -1.1 points; Year ago: 92.6 † Partial
Latest price were unavailable for this edition.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	58	3	13	172	151	47
Other Fixed Interest	3	0	12	18	38	19
Mineral Extraction	87	40	80	320	320	395
General Manufactures	168	81	432	698	768	1,943
Consumer Goods	52	24	117	212	222	531
Services	117	59	344	509	562	1,533
Utilities	22	10	14	86	97	47
Financials	111	79	201	445	654	852
Investment Trusts	156	32	274	535	715	1,060
Others	56	38	34	206	265	150
Totals	830	386	1,521	3,201	3,792	6,577

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	March 4	Last Declarations	June 2
Last Dealings	March 21	For settlement	June 13

Calls: Avesco, Carlisle Grp, Cons Murch, Starmin, Rockwood, Utd Energy, World Fluids. Puts: Alliance Res. Puts & Calls: Alliance Res, Carlisle Grp, World Fluids.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
140	F.P.	256.0	176	163	Alpha Airports	170	+2	RN4.03	2.2	3.0	18.4
–	F.P.	1.43	6½	1	‡Care UK Wrts	6½		-	-	-	-
150	F.P.	101.3	149	148	Chiroscience	149	+1	-	-	-	-
124	F.P.	25.1	186	148	Clinical Computing	155		-	-	-	24.7
§90	F.P.	6.49	173	108	Comp Fin Sol	138		N-	-	-	21.5
50	F.P.	135.0	50	47	Edin New Tiger	47½	+½	-	-	-	-
50	P.P.	10.4	58	55	Energy Capital	56		-	-	-	-
–	–	1.01	28	4	Do Warrants	28		-	-	-	-
130	F.P.	32.2	155	130	Finelist	148		R3.3	2.3	2.8	19.2
–	F.P.	2.50	102	98	Fleming Japan C	100	+2	-	-	-	-
170	F.P.	74.5	170	159	Goldsborough Hlth	170		WN3.3	2.6	2.4	18.6
–	F.P.	61.4	74	66¾	Guangdong Dvlpt	67½		-	-	-	-
–	F.P.	4.70	29½	18½	Do Warrants	25¾	+1	-	-	-	-
100	F.P.	65.0	102	94	Herald Inv Tst	100	+½	-	-	-	-
–	F.P.	6.24	51	45	Do Warrants	48		-	-	-	-
50	P.P.	457.5	49	40½	Kleinwort Euro Pvt	41½	+½	-	-	-	-
–	F.P.	38.0	49	37	Do Warrants	38		-	-	-	-
50	F.P.	20.6	52	49	Mithras Inv Tst	51½	+½	-	-	-	-
–	F.P.	2.06	28	25	Do Warrants	28		-	-	-	-
110	F.P.	35.2	126	117	Parkside Intl	118		RN3.0	1.5	3.2	23.2
125	F.P.	19.8	133	125	Radstone Tech	129	+1	R3.0	2.4	2.9	16.3
100	F.P.	41.0	96	89	Taiwan Inv	91	+2	-	-	-	-
–	F.P.	3.78	82	40	Do Warrants	42	+2	-	-	-	-
200	F.P.	33.4	216	211	Trifast	211		R5.6	2.2	3.3	17.4
118	F.P.	56.1	140	131	Tring Intl	132	-1	RN3.8	2.1	3.6	15.7
153	F.P.	52.2	160	153	United Carriers	160	+1	-	-	-	-

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price p	+or-
20	Nil	11/3	36pm	3pm	Beauford	4pm	+½
92	Nil	11/4	12pm	11pm	Burford	11pm	-1
4¼	Nil	14/4	6pm	3pm	Care UK	5½pm	
42	Nil	14/4	18pm	9½pm	Conrad Ritblat	9½pm	
15	Nil	25/3	4pm	3pm	Creston Land	3pm	
12	Nil	13/4	12½pm	10pm	Firth (GM)	12pm	
120	Nil	21/3	45pm	33pm	‡Grosvenor Inns	43pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Yr ago	*High	*Low
Ordinary Share	2563.9	2540.2	2531.8	2536.0	2564.1	2265.9	2713.6	2124.7
Ord. div. yield	3.62	3.65	3.68	3.67	3.63	4.30	4.52	3.43
Earn. yld. % full	4.81	4.88	4.91	4.90	4.84	5.97	6.38	3.82
P/E ratio net	22.45	22.24	22.10	22.14	22.40	20.95	33.43	19.40
P/E ratio nil	23.53	23.18	23.04	23.08	23.35	19.37	30.80	18.14

*For 1993/94. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2546.3	2548.3	2548.9	2546.3	2551.4	2554.4	2554.0	2558.4	2561.7	2564.4	2543.6

	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Yr ago
SEAQ bargains	25,882	27,428	32,967	28,740	33,844	36,055
Equity turnover (£m)†	-	1411.9	1845.4	1723.7	1382.1	1415.3
Equity bargains†	-	30,923	35,297	33,342	36,619	42,775
Shares traded (ml)†	-	571.9	659.3	653.3	585.9	800.9

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22⅞	-¼	£25¼	£18¼	6,394	4.8	12.2
ANZ A$		237	-½	278¼	130	3,100	3.8	18.6
Abbey National	qN□	480	—	524	345	6,423	3.6	10.1
Allied Irish I£		283xd	+3	314	179	1,733	4.7	φ
Anglo Irish I£		60	—	*70	38	146.4	7.2	11.0
Asahi Y		725	-2	844	415	16,825	0.7	-
Banco Bil Viz Pts		£15½	+1⅛	£37⅛	£13½	3,603	5.3	7.0
Banco Sant Pts		£34⅝	—	£38	£24⅛	3,847	3.9	13.2
Bank Leumi (UK)		430xd	—	450	325	35.2	5.8	φ
Bk Ireland I£		265	+1	*319	177	1,249	4.7	19.5
Bank Scotland		209	-1	247	116½	2,432	2.8	23.4
9¼pc Pf		132	—	141½	117¾	132.0	8.8	-
9¾pc Pf		138¼	+¼	148½	123½	138.8	8.8	-
Barclays	†N□	512	-6	592	362	8,308	3.1	-
Dai Ichi Kan Y		£12⅛	—	£19⅛	£8⅞	38,192	0.4	89.5
Deutsche DM		£308½	+⅝	£348⅝	£250½	14,708	2.0	-
Espirito Santo		£23⅛	-¼	£26⅝	£16½	247.9	3.4	5.6
First Nat Fin	N□	82	—	*85	45	135.9	2.3	-
6.3pc Cv Pf		88	-1	*91	55	5.78	9.2	-
7pc Cv Pf		161	—	171	108	78.4	5.4	-
Fuji Bank Y		1453½	-1½	1691	876	42,878	0.4	-
HSBC HK	□	882	+24	1133	474	16,065	3.4	φ
HSBC (75p Shs)	□	860	+24	1113	480	7,860	3.5	φ
Lloyds	qN□	579xd	+3	690	492	7,440	4.8	12.2
Mitsubishi Y		£18	-⅞	£19¼	£11⅛	51,827	0.3	-
Mits Tst & Bk Y		985½	+21¼	1027¼	482½	12,896	0.5	15.8
Mitsui Tst & Bk Y		783¼	+6¼	852	374	9,144	0.7	26.0
Nat Aust A$		554	+¼	620¼	322	7,283	4.3	13.5
NatWest	qN□	482xd	-1	634	388	8,610	4.8	13.2
Ottomane FFr		£30	—	£33	£23¼	150.0	5.0	8.8
Ryl Bk Scotland	qN□	432	-2	528	207	3,438	3.2	19.5
Sakura Y		£9⅞	-⅛	£11	£5⅞	31,411	0.6	59.2
Sanwa Y		£14	+¼	£16	£7⅞	40,582	0.4	-
Standard Chartd	†□	1115	-14	1437	576	2,876	2.3	-
7 3/8pc Pf		97½xd	+¼	109½	94	97.5	9.5	-
Sumitomo Y		£13⅞	-⅛	£16¼	£8⅞	42,944	0.4	39.4
Sumitomo Tst Y		947½	+21¼	987½	437½	11,788	0.6	74.3
TSB	N□	249½xd	+6½	281	145½	3,814	3.8	17.0
Tokai Y		£7⅞	-⅛	£9⅝	£4⅞	15,823	0.7	52.1
Toyo Tst & Bk Y		734½	+8¼	840	411	5,773	0.7	65.5
Westpac A$		225	-1	260	121	3,944	2.4	φ
Yasuda Tst Bk Y	‡	824¼	-4¼	890	343	6,892	0.8	65.7

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Yld Gr's	NAV	Dis or Pm(-)
Paribas French	□	134½	—	149	98	8.9	139.7	3.7
Perpetual Japan	□	114	+2	118	83	–	108.8	-4.6
Warrants	□	75	—	88	37	–	–	–
Personal Assets	†	£92½	—	294	£76½	2.8	9081.2	-1.7
Pilot Inv	□	147	—	153	95	0.4	141.1	-4.0
Warrants	□	57	—	69	21	–	–	–
C	□	110	—	117	100	–	109.4	-.5
Primadona		271	—	283	157	2.1	321.1	15.8
RIT Capital	□	176	—	189	100	0.8	221.6	20.6
2½pc Cv Ln 2000		£174xd	-1	£186½	£100½	1.4	–	–
Radiotrust	□	65	—	88	47	–	72.2	-15.1
Rights & Iss Inc		155xd	—	184	114	7.8	–	–
Cap		469xd	—	535	303	2.2	552.2	15.2
Riv & Merc Am Inc		116	—	121	108	8.4	–	–
Cap	□	34	—	38	27	–	46.2	25.4
Warrants		15	—	17	11	–	–	–
Riv & Mer Ext	N□	138xd	—	147	87	7.0	132.6	-4.6
Warrants		39	—	49	13	–	–	–
Zero Div Pf		115	-½	118½	103	–	–	–
Riv & Mer Geared		94xd	—	116	81	10.0	–	–
Prfd Cap 1999		27½	-½	35	18	–	39.5	30.4
Riv & Merc Smllr	N□	151xd	—	179	95	3.3	156.0	3.2
Warrants		61	—	77	22	–	–	–
Riv & Merc Tst Inc	N□	119xd	—	127	108	9.9	–	–
Cap	□	130	—	150	55	–	228.5	43.1
Warrants		34	—	40	8	–	–	–
Do. Stpgd Pf	N	158½	+¼	163	147	4.4	–	–
River Plate Inc	N□	107	—	119	98	10.4	–	–
Cap		103	—	118	28	–	189.8	45.7
Warrants		6	—	11	1	–	–	–
Zero Div Pf		84	-¼	85¾	77¼	–	–	–
St Andrew		337	+1	343	214	2.8	351.5	4.1
St David's Inc	N	125xd	—	133	123	14.5	–	–
Cap		200	—	229	78	–	340.5	41.3
Zero Pf		149½	-½	151½	131	–	–	–
SPLIT Inc	M	189	—	270	170	24.5	–	–
Cap		1149	+5	1235	820	–	1410.3	19.2
Schroder Korea Fund		1069¼	+2½	1112¾	481	0.1	–	–
Warrants		570¼	+20½	650½	160	–	–	–

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

OIL, INTEGRATED - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

OIL, INTEGRATED

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's
Toronto-Dom		16⅞	—	11¾	7⅜	3,270	3.7
Trans Can Pipe	♥	9⅞	—	11⅛	8⅜	1,719	4.3

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£17¼	—	£19½	£7½	1,050	4.3	ϕ
Barlow		£4⅝	—	£5⅞	£3⅜	818.8	7.9	7.5
Gold Fields SA R		£13⅞	+⅜	£18	£7¼	1,332	2.9	23.2
MK Props	s	89	—	97	68	3.54	10.1	38.2
SASOL	♥	337	+4	337	215	1,909	4.8	–
SA Brews		£12¼	+⅜	£15⅞	£7⅜	6,626	2.2	20.3
Tiger Oats		736	—	858	513	1,168	2.2	15.6
Tongaat-Hulett	†	503	+35	522	212	378.5	3.0	14.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ *Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.*
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- £ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT7351. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FINANCIAL TIMES
Weekend March 5/March 6 1994

Brussels faces rejection of emissions legislation

MEPs may vote for even stricter car exhaust rules

By Gillian Tett in Brussels

European Commission officials have given a warning that legislation setting new car emission standards may be abandoned because of opposition in the European parliament.

The parliament will vote on Wednesday on the Commission's package – already accepted by ministers – which would cut petrol and diesel car exhaust emissions substantially in 1996 compared with 1992 levels.

But after the parliament's environment committee demanded stricter emission standards last month, Commission officials fear the parliament will reject the legislation in its present form.

Mr Reinhard Büscher, a member of the European Commission's industry cabinet, says if the measure is rejected, it will "mean more delay which will make it very hard for industry to comply with the 1996 standards". He believes the parliament is attempting to use the issue to illustrate its new post-Maastricht political muscle.

The parliament's committee resolutions are being roundly condemned as ill-judged and unrealistic by Europe's motor industry, assembling in Switzerland for next week's Geneva motor show.

Leading industry figures say the tighter standards proposed could not be achieved technically within the 1996 deadline.

MEPs yesterday denied deliberately seeking to challenge the Commission over the affair, and maintained that the new proposals were based on genuine environmental concerns.

But with most of the majority socialist and Christian Democrat parliamentary groups expected to vote against the current package, along with the green parties, they agreed that there was a very good chance of a vote in support of the amendments.

The amendments include demands that:

- Emission levels for 1996 are made more stringent, with specific new levels set for 1999 of half the 1996 levels and a commitment to establish tougher levels after 2000.
- Member states should be free to use fiscal incentives to encourage their own car manufacturers to meet the target levels at a faster rate than the EU guidelines.
- Legal limits should be set for CO_2 emissions.

To block the current package, at least 260 out of the total 518 deputies serving in the parliament need to support the demands for further amendments. The socialist group has 198 deputies and the Christian Democrats 162.

If the parliament rejects the measure, the only solution to the stalemate will be to use the new conciliation procedure established under Maastricht treaty – the first such environmental case taken to the procedure.

But that is unlikely to produce results before autumn at the earliest.

Post chief stresses rewards of sell-off for staff

By Roland Rudd

Mr Bill Cockburn, Post Office chief executive, has promised his workforce shares and dividends if the government privatises the corporation.

Writing in Courier, the staff newspaper sent yesterday to all 180,000 employees, Mr Cockburn said the sale of the Post Office would give it the freedom to compete internationally.

"It would allow us to give shares and dividends to all employees, thus sharing the rewards of success," he writes. "Make no mistake, that would be a lot better than staying in the public sector without the freedom we need."

Mr Cockburn's message to staff marks the first time he has come out publicly in favour of privatisation.

He believes the alternative of remaining in the public sector without commercial freedom in its business activities is the worst possible option. His comments follow a Treasury decision to continue to refuse the Post Office the commercial freedom it is seeking to compete with private-sector mail and parcel carriers.

Mr Peter Hain, the Labour MP sponsored by the Union of Communication Workers – which represents Post Office employees – said: "There appears to be a pincer movement between the Post Office management and Michael Heseltine to soften up the workforce and the public for privatisation.

"They know that privatisation is bitterly opposed by the workforce. This is an all too transparent attempt to bribe them; I don't think it will work."

Mr Heseltine, the trade and industry secretary, recently told the trade and industry committee he favoured privatisation of the Royal Mail, but had been prevented from changing its ownership because of "political considerations".

Since the government first announced its review of the Post Office's future in 1992, the management, advised by the UK merchant bank Schroders, has been working on its favoured option of a management buy-out.

It favours giving employees a big stake in a privatised Royal Mail along the lines of the former National Freight Consortium, which was bought by its employees in 1982.

Malaysian ban stays

Continued from Page 1

not got off the hook on which he impaled himself."

Mr Neil said he had written to The Times to make clear that The Sunday Times had never accused Dr Mahathir of taking a bribe, in the hope that it would allow the Malaysians to "depart from the field with honour". He added that his paper would continue to investigate stories in Malaysia.

Dr Mahathir said Mr Neil's letter had only added insult to injury.

British companies are likely to lose many millions of pounds' worth of contracts. The Malaysians have already said that British companies will be excluded from a M$12bn (£2.95bn) airport project outside Kuala Lumpur. Trafalgar House, Balfour Beatty, Gammon and G-Mats (part of GEC), in partnership with Marubeni of Japan, had been assured of much of the work on the airport. The Malaysians say that they will now consider a new "fast track" tender.

Some Malaysian businesspeople have privately expressed concern that the government's move might affect the inward flow of foreign investment and invite retaliatory action.

US trade move on Japan sparks fears

By William Dawkins and Michiyo Nakamoto in Tokyo and Lionel Barber in Brussels

The US decision to reactivate its Super 301 trade law provision, opening the way for sanctions against Japan, was greeted with concern yesterday in Europe and Asia.

Sir Leon Brittan, European Union chief trade negotiator, was disappointed at President Bill Clinton's renewal of the provision allowing the US to single out countries for sanctions. "The European Union will be examining the import of these measures very carefully," he said.

One senior European Commission official said the renewal of Super 301 could signal a new, tougher US trade stance, based on bilateral muscle.

The US move sparked anxiety from South Korea and Australia, which feared a setback to free trade. The revival of Super 301 was "regrettable at a time when countries are expected to engage in more liberal trade", said a Seoul government spokesman.

He said trade disputes should be settled under the World Trade Organisation, to be set up as the successor to the General Agreement on Tariffs and Trade, not by the "domestic legal procedures of one nation".

Mr Bob McMullan, the Australian trade minister, warned: "We don't support the US opening up the Japanese market in a unilateral and retaliatory way."

In Japan, Mr Masayoshi Takemura, chief cabinet secretary, said unilateral trade action against another country would be contrary to WTO rules. But Tokyo recognised "the need for a restrained response", he said. Japan would continue to work on plans to open markets. Mr Morihiro Hosokawa, prime minister, promised to redouble efforts to cut regulatory trade barriers.

Asian leaders were assured by Mr Jeffrey Garten, US under-secretary of commerce for international trade, that US problems with Japan "were quite unique".

Frances Williams adds from Geneva: Mr David Woods, spokesman for Gatt, said the reinstatement of Super 301 should be viewed with "a sense of proportion". It should not be assumed a trade war would follow, and there was no evidence the US intended to violate Gatt rules.

Japan surpluses rise, Page 3

THE LEX COLUMN

Sound and fury

For all the hoo-ha in the markets this week, the FT-SE 100 index finished a mere 3.2 points down. Even long gilts, the proximate villain of the piece, only fell by around three-quarters of a point. This is hardly the stuff of savage bear markets, but the volatility in bonds and equities is enough to make many investors nervous. From a chartist perspective, the last week's price movements could mark the kind of churning which occurs around a market peak. There has been international selling, and it is a brave fund manager who steps in and buys now.

Yet while the low point of UK and US bond yields has almost certainly passed, inflation is unlikely to force bond yields up substantially. As the UK recovery is ticking along and there is plenty of slack still in the system, growth should feed through to strong earnings increases without much extra price pressure. The corporate reporting season now well under way shows earnings rising in line with expectations and dividends, if anything, rising faster. There are thus strong counter-weights which may support equity valuations.

Still, given the uncertainty, there is likely to be something of a hiatus in the market. Stock selection will also be important. Interest-rate sensitive yield stocks, such as utilities and even food retailers, have lagged behind since the bond market turned. Early-cycle growth stocks like media, which should see the best of the near-term earnings rises, may continue to attract attention. Investors will, however, have to overcome an aversion to what already look like sky-high ratings.

Cookson

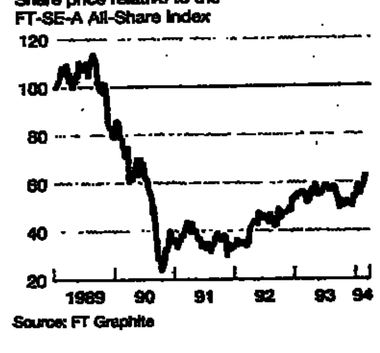
Cookson's management has done a fine job pulling the company back from the brink. The business has been slimmed down from the sprawling conglomerate of the 1980s and the balance sheet repaired, albeit courtesy of two rights issues. Gearing is below 30 per cent and Cookson is generating net cash before disposals, so the financial position looks secure. Full-year growth in operating profits of 18 per cent, excluding the favourable impact of currencies, also testifies to success in eliminating losses while keeping the lid on costs.

But with the trading margin already up to 8.4 per cent by the year-end, Cookson will find that rate of progress difficult to sustain. The final stages of loss elimination should push the margin up towards 9 per cent, not far short of the company's stated double-digit target. The focus thereafter will have to shift towards expanding sales. An underlying 5 per cent turnover increase last year was more than respectable given difficult market conditions. More will be required to maintain forward momentum.

FT-SE Index: 3278.0 (+31.5)

Cookson

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

With around half its turnover in the US, Cookson should be an early beneficiary of recovery. Other acts of good housekeeping – such as increasing the proportion of UK profits to avoid writing off additional advance corporate tax – would also help earnings. With the shares at a 20 per cent price-earnings premium to the market average, though, Cookson will have to live up to a growth-stock billing.

Abbey National

Amid the market upheavals it is difficult to tell whether Abbey National's 22 per cent dividend increase will be sufficient to reverse its 30 per cent under-performance against the banking sector over the last two years. That happened partly because other banks, with a worse bad debt record, were perceived as having greater recovery prospects. But Abbey also needs to grow as well as pay large dividends. Sensibly, it has now turned its back on rasher forms of diversification, such as estate agency and French commercial property lending. It could go back to basics and buy a building society.

The stock objection is that the mutual structure of societies makes them difficult to acquire. Yet, provided members are given sufficient incentive, they can probably be persuaded to de-mutualise. A predator could offer members of most societies several hundred pounds apiece and still acquire the business at book. The amount needed to swing the vote pales into insignificance with the goodwill that could accrue if the same predator were trying to buy another bank.

Banks like Lloyds and TSB are also occasionally mentioned in connection with building societies, but it makes particular sense for Abbey. The trend towards more liberal rules on wholesale funding by societies means others may soon enjoy the same Eurobond funding opportunities which it acquired with conversion to plc status. If Abbey waits for societies to de-mutualise voluntarily before buying, it might miss the boat altogether. Depending how it is carried out, de-mutualisation can confer protection against takeover for the five ensuing years, a privilege which Abbey itself is still, just, enjoying.

Scottish Power

A price tag of £17m for 50 out of town stores hardly looks excessive, given that they would cost more than that to build. On that basis it is difficult to accuse Scottish Power of over-paying for Clydesdale. On the other hand, this is electrical retailing, which has cost the Regional Electricity Companies an estimated £100m in the past five years. The fact that not even the specialists such as Dixons and Comet are earning a decent living ought to cause a chill around Scottish Power's kilt. Electricity companies may be stuck with their high street chains, but that is hardly a reason to propagate the problem.

Electrical retailing suffers because individual purchases are large and goods are identical in each store. Price-checking is thus worthwhile, and price competition becomes the primary selling weapon. Only when a new technology is temporarily in short supply, or economic conditions are booming, do retailers make much money.

Given the poor characteristics of the business, and Scottish Power's declared caution about diversification, it is thus surprising that it is expanding. The company has persuaded investors that its management has been upgraded and is well trained for new challenges. It has bought sensibly in gas and is looking rationally at telecoms. But since this form of retailing has been a graveyard of many ambitions, investors may be forgiven for feeling a little queasy.

Markets rally on improved US employment data

Continued from Page 1

The leading index has risen steadily for six months, but some of its components, such as consumer expectations and the average length of the working week, fell in February.

The strong US growth in the fourth quarter of last year has aroused inflation fears. Revised figures this week showed annualised growth of 7.5 per cent.

But Ms Laura Tyson, the chief White House economist, said yesterday: "Not only is current inflation extremely modest, but the fundamentals, the things that explain future inflation – wage patterns, productivity growth, import prices, energy prices, for example – all remain well-behaved."

On jobs, the Bureau of Labor Statistics said non-farm payroll employment had rebounded from January's weather-related weakness with the addition of 217,000 new jobs, far stronger than most forecasters had expected. The biggest gains came in services and retailing.

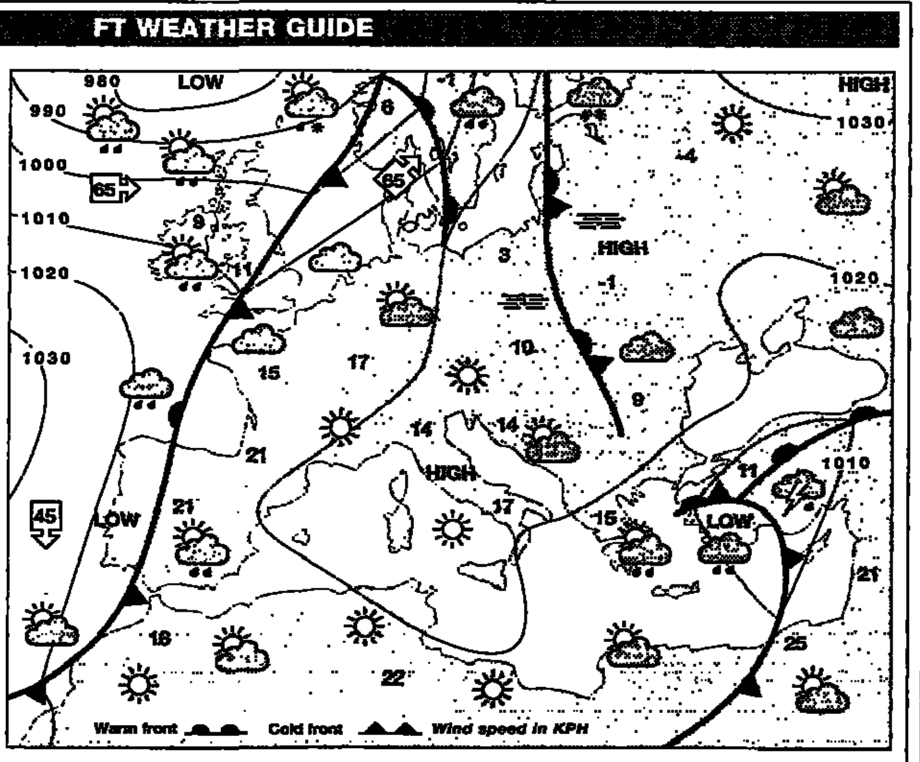
FT WEATHER GUIDE

Europe today

France, the Benelux countries and southern Scandinavia will have sunny periods as a low-pressure front between Iceland and Lapland brings mild air from south-western Europe. Temperatures in southern France will be above 20C. Germany, the Alps, south-eastern Spain and the Baleares will be sunny. A cold front over the British Isles and Portugal will bring cloud and frequent showers. Heavy rain is expected in south-western Norway. Lapland and Finland will stay wintry. High pressure over eastern Europe will bring calm and dry conditions with sunny intervals and fog patches in Poland and the Balkans. Low pressure over south-western Turkey will cause changeable weather with thunder and showers in south-eastern Europe.

Five-day forecast

A strong westerly air current will cause very unsettled conditions in western and northern Europe, with wintry showers in Scandinavia. Central and eastern Europe will also have a few scattered showers. South-eastern Europe will become more settled and dry. South-western Europe will remain sunny and dry.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius																
			Belfast	shower	8	Cardiff	rain	11	Frankfurt	sun	15	Malta	sun	17	Rio	fair	28
			Belgrade	cloudy	7	Chicago	sun	9	Geneva	fair	12	Manchester	rain	11	Riyadh	sun	23
Abu Dhabi	sun	26	Berlin	sun	11	Cologne	sun	15	Gibraltar	fair	18	Manila	cloudy	31	Rome	sun	17
Accra	fair	32	Bermuda	cloudy	21	D' Salaam	thund	31	Glasgow	shower	8	Melbourne	cloudy	21	S. Frsco	fair	18
Algiers	sun	22	Bogota	fair	22	Dakar	sun	23	Hamburg	sun	12	Mexico City	cloudy	24	Seoul	fair	10
Amsterdam	fair	11	Bombay	sun	34	Dallas	cloudy	23	Helsinki	cloudy	-4	Miami	sun	25	Singapore	cloudy	31
Athens	shower	13	Brussels	fair	13	Delhi	fair	29	Hong Kong	fair	20	Milan	hazy	14	Stockholm	cloudy	5
B. Aires	sun	31	Budapest	cloudy	11	Dubai	sun	26	Honolulu	sun	28	Montreal	snow	-6	Strasbourg	sun	16
B.ham	rain	12	C.hagen	fair	7	Dublin	cloudy	9	Istanbul	thund	11	Moscow	cloudy	-2	Sydney	fair	24
Bangkok	fair	36	Cairo	fair	25	Dubrovnik	fair	14	Jersey	cloudy	12	Munich	fair	12	Tangier	sun	18
Barcelona	fair	17	Cape Town	fair	26	Edinburgh	shower	9	Karachi	sun	32	Nairobi	cloudy	28	Tel Aviv	fair	22
Beijing	fair	11	Caracas	cloudy	25	Faro	cloudy	19	Kuwait	fair	27	Naples	fair	15	Tokyo	fair	9
									L. Angeles	fair	18	Nassau	shower	26	Toronto	fair	0
									Las Palmas	fair	21	New York	fair	7	Tunis	sun	19
									Lima	cloudy	26	Nice	fair	14	Vancouver	sun	9
									Lisbon	cloudy	14	Nicosia	fair	18	Venice	fair	12
									London	cloudy	13	Oslo	rain	8	Vienna	fair	11
									Lux.bourg	sun	15	Paris	fair	15	Warsaw	fair	3
									Lyon	fair	16	Perth	fair	35	Washington	fair	9
									Madeira	fair	17	Prague	sun	10	Wellington	fair	20
									Madrid	fair	17	Rangoon	sun	34	Winnipeg	sun	6
									Majorca	sun	19	Reykjavik	snow	0	Zurich	sun	14

Weekend FT

SECTION II

Weekend March 5/March 6 1994

The British miner's broken home

iner and lad outside Shirebrook Colliery: "It's a high-tech industry that's been butchered," says one union official

Homer Sykes

It is 10 years since the last miners' strike. Since then, nine out of every 10 pits have stopped producing. It is not only coal that has been lost. A whole culture is disappearing with it, writes ***Christian Tyler***

It was at a National Coal Board function in Yorkshire in the late 1970s that I heard an old miner, a union official at Bentley Colliery, disputing vigorously with one of the board's engineers. When the engineer left I commented on the robustness of the old man's attack.

"I'm not bothered," he said. "Anyway, I'll be retiring soon."

"What will you do then?"

"Oh, I'll read some philosophy," he replied. "Kant, mostly."

It emerged that after years working down the pit he had gone to Oxford University as a mature student to read philosophy, politics and economics. I assumed he had attended Ruskin, the trade union college.

"No," he said, "Balliol."

"May I ask what degree you got?"

"Well, it were a First."

More startling than this admission was the fact that this man simply could not adjust to the prospect that had been opened up to him in the south; he went home to his own community and back down the pit.

It could not happen today. For one thing, Bentley Colliery, which was then proudly displaying the latest in hydraulic pit prop technology, closed last December. No private operator has shown an interest in it.

Ten years ago this week, it was the announced closure of another South Yorkshire pit, Cortonwood, that set off the longest and most bitter strike in the miners' history. They fought for a year in defence of their jobs and communities but were divided and finally crushed.

Even when the strike ended, a year later almost to the day, neither the coal board (now British Coal) nor the National Union of Mineworkers foresaw just how savage the contraction of their industry would be. From 170 deep mines employing 175,000 men in 1985 the state industry has shrivelled to 17 working pits employing fewer than 11,000 men. Of the 28 other mines which British Coal has offered to lease to the private sector, one has started producing and up to seven others may be reopened.

At its peak, just before the first world war, coal provided employment for 1m men, a tenth of the male working population. Britain was the world's biggest coal exporter: its 3,000 mines produced half the coal in Europe, a fifth of world output. The long retreat was inevitable as the steam age passed, American and other coal competitors emerged and Britain's manufacturing dominance faded; but it was partly arrested by two world wars and, in the early 1970s, by the Opec cartel's quadrupling of oil prices. The promised reprieve has been scotched by the government's decision to privatise the electricity generators, to permit the "dash for gas" as an alternative fuel, to subsidise nuclear power and – finally – prepare the pitiful remnants of the coal industry for privatisation next year.

But it is not only coal that has been lost. A whole culture is disappearing with it and it is a loss that many non-miners nostalgically regret. The public may have been outraged by the sight of picket line violence and fearful of the revolutionary rhetoric of union leaders, but has shown remarkable tolerance of the miners' demands and sympathy for their decline.

It was a public outcry in the Tory shires which forced Michael Heseltine, president of the Board of Trade, to retract his announcement in October 1992, that 31 pits must close. (The number of pits closed since then is more than 31, but the rundown has attracted much less attention.) When during the 1974 miners' strike, Edward Heath called his "who rules?" general election, the voters, in spite of their fear of "political strikes", rejected him. Even after suffering power cuts in the 1972 strike the public seemed to agree with Lord Wilberforce that the miners deserved to be moved to the head of the manual earnings league.

Some of this support is based on romantic sentiment, owing more to the books of D H Lawrence and George Orwell than to familiarity with modern mining. As Alan Mardghum, branch secretary of Wearmouth colliery (closed before Christmas), said: "In the south of England they still view coalmining as a little lad of 12 gettin' down the pit with his pony and pushing tubs of coal around. People need to be aware that it's a high-tech, highly-competitive industry that's been butchered." (The last pit ponies surfaced last month when Ellington colliery, the remaining pit in the north-east, was closed.)

The popular image, says Professor Vic Allen, one-time amanuensis of the NUM left, in his book *The Militancy of British Miners*, is of "hard, unrefined men, distinct and separate from other workers, hewing in mysterious dungeons of coal: of dirty, strange men, in some ways frightening and for this reason repellent, yet attractive because they are masculine and sensuous."

Such romantic stereotyping has often worked to the miners' advantage, of course. During the 1972 strike, Lawrence Daly, the NUM general secretary, was heard shouting down the phone to the leader of a group of pickets who were refusing to give up the social delights of being billeted with Essex University students.

Yet the monochrome image of taciturn, blackened musclemen is often resented. Olive Fowler, a former secretary of miners' leader Arthur Scargill, who now works at Yorkshire Art Circus, a local authority-sponsored workshop in Castleford, said the group had published three miners' autobiographies which had only one feature in common: all three men knew Latin (one had Greek and Hebrew, too). Another miner had exhibited his charcoal sketches of underground scenes at the Royal Festival Hall in London, and had sold every one.

If the public has relished the cultural pyrotechnics of mining communities, miners themselves have always been ambivalent about the job. No doubt, it was the difficulty, danger – and formerly poverty – of the work that created the impressive structure of self-help, charity and solidarity in pit villages. There were Christmas parties for the pensioners, trips to the seaside and cheap booze at the welfare club. There were bands and parades and festivals, such as the Durham Miners' Gala now struggling to survive into its 110th year, where Labour politicians were permitted to address the rank-and-file of the movement.

The miners' union was a social institution, recorded Will Paynter, the Welsh miners' leader, in his autobiography: "Harassed wives who had fallen behind in hire-purchase instalments on some household goods, or had accumulated arrears of rent . . . would require letters to be sent. Many times have I appeared in the local court to testify as to the character of a man or child who had fallen foul of the law."

But if there was a choice of other work, miners often looked for it. A boy who tamely followed his father down the pit was not necessarily seen as a recruit to the praetorian guard of the proletariat, says Robert Houston, former editor of *The Miner*, the NUM journal – he might just be too thick to get a job anywhere else. The youth in the working men's club with his hand round a pint of bitter is not necessarily a miner: he is just as likely to be a hairdresser. But escaping was never easy.

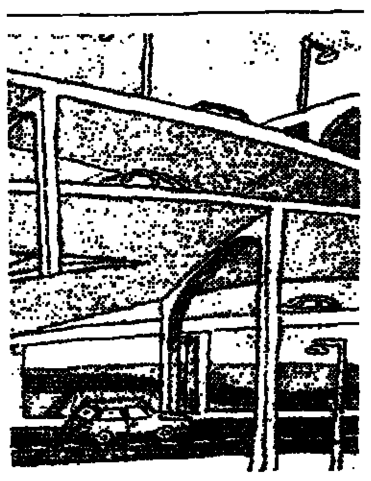
Neil Greatrex, leader of the Nottinghamshire-based Union of Democratic Mineworkers, wanted to join the army as an engineering cadet. His mother was keen but his father refused to sign the paper, saying: "What's good enough for me is good for you." Because of the union split, Greatrex's father stopped talking to his son at the start of the strike, and died five years later without relenting – an example of how the 1984-85 strike tested solidarity to destruction.

Some, like Houston, escaped into journalism. Others found an exit via the colliery brass band into professional music. Football has profited enormously from Scottish mining: the same coalfield delivered up Sir Matt Busby, Bill Shankly, Jock Stein and George Graham, the present Arsenal manager. From the north-east coalfield came, among others, the Charlton brothers and Bobby Robson. They say in the north that if you wanted a good team all you had to do was go and shout down the nearest pit-shaft.

The same austere climate produced some remarkable political leaders – who did not in most cases seek to enter the House of Commons; indeed, parliament was often seen by ambitious union men as a place to which rivals could safely be dispatched. Sometimes, as in the case of Lawrence Daly, this extra-parliamentary skill was combined with extraordinary intellectual flair and gift of oratory. The passion for self-education, especially in Scotland and South Wales, was most marked on the political left. Professor Allen observes haughtily that "there are no books by any of the right-wing leaders of the National Union of Mineworkers."

Continued on Page XIV

CONTENTS



w to find your way through the maze notor insurance .... Page III

The Long View/**Barry Riley**

Optional extras

It seems that Kenneth Clarke, the sharp-eyed chancellor of the exchequer, has noticed that one or two top British businessmen appear to be paying themselves too much. The same conclusion has been reached, at last, by some of the institutional shareholders who have tolerated the amazing escalation of boardroom pay over the years.

The case of John Cahill, the retiring British Aerospace chairman, who has taken a £3.2m profit on share options after failing to complete the term of his contract, is just the latest of many. The newspapers are full of stories of escalating salaries, backed by profits on share options which have often been enjoyed not just by brave and skilful risk-takers but by the bureaucratic bosses of privatised monopoly utilities.

To the politicians there is the extra niggle of the constantly widening differential between their pay and that of the private sector elite. Every attempt to raise the salaries of MPs and ministers arouses public fury. But the implied reduction in the incentive to take up a political career, and the progressive reduction in quality of those in politics, is rarely discussed, however obvious it is becoming.

Institutional investors are especially concerned because it happens that many companies will be replacing their executive share option schemes in the coming months. This is because many 10-year plans were implemented in 1984, after changes in the tax legislation, and are due for renewal.

The option scheme replacement season got off to a bad start with an argument over the proposal last month by the big unit trust group M&G. This was declared in breach of the official institutional guidelines. But M&G went ahead anyway, which was especially significant because until a few years ago, when led by David Hopkinson, it was a leader in promoting the principles of good corporate governance.

M&G's alleged sin was in linking its options simply to the share price. But because the share price of an investment management company effectively represents a geared-up play on the stock market, the options will become very valuable in a bull market regardless of whether the company is doing well. The big shareholders insist that options should only become valuable when the performance of the company can be shown to have improved against a clearly defined benchmark.

Another fund management company, Gartmore, which was recently floated, is seeking to devise a more complicated plan. Probably its formula will provide that the options will not become exercisable unless the share price has performed at least in line with the average All-Share Index constituent, and will not reach full value unless the shares are among the top 25 per cent for performance.

Institutional investors are seeking to organise themselves in order to block nonconforming executive share option schemes. With many companies they will be able to do so (although they were powerless at M & G where the scheme was voted through by a big shareholder, a charitable trust). The proxy battle is a messy and undignified way of imposing shareholders' wishes, however. The institutions' preferred method of gaining control over the explosion of top executives' pay and bonuses was set out in the report of the Cadbury committee, in the shape of a remuneration committee made up of non-executive directors.

In theory the paragons on such a committee are raised above the normal pressures of greed and envy and can lay down objective judgments. The practice is different. Sometimes these non-executive directors are executive directors of other companies. They are simply approving each others' pay increases. Even when not personally slotted into the spiral, they are under pressure to go along with what is happening elsewhere.

Institutional shareholders are subject to conflicts of interest. Many of the big ones are listed, and have highly-remunerated chief executives who are not particularly keen to make low-paid examples of themselves.

The idea behind option schemes is that they should reinforce the common interests of shareholders and executives. When companies are no longer run by proprietors but by their poorly-supervised hirelings there is a need to design rewards that reflect shareholders' objectives. Otherwise, managers will, for instance, go on empire-building sprees that do nothing for the share price or earnings per share.

The institutions cannot agree on exactly how option schemes should be designed. Those based on earnings targets are criticised (by M &G, for instance) on the grounds that the figures can be cynically manipulated. Alternative approaches based upon beating market indices or sector average performances are also flawed, because they may encourage short-termism and may simply reward good fortune, as with the monopoly privatised utilities. Declining industries may need good management too, but will not readily get it if remuneration depends on beating the share price trends in growth sectors.

Consequently the pension funds are hedging their bets by requiring that companies devise their own customised performance objectives and obtain shareholders' approval. But this does not exactly sound like decisive leadership, and could leave managers struggling to understand what their evasive proprietors really want; the uncertainty looks like providing something of a bonanza for expensive consultants.

As for those schemes devised a decade ago, they appear to have encouraged a relatively good UK stock market performance by international standards, but they expire in circumstances in which UK companies are arguably overdistributing and underinvesting. Doubtless, the well-paid managers have been correctly respecting the priorities of their institutional shareholders.

MARKETS

London

Donner and blitzen scatter investors

Roderick Oram

The Germans unveiled on Wednesday a whispering arrow and a roaring thunderbolt, each with distinctly different effects on their respective target markets.

The former, a magnetic levitation train under spasmodic development since the 1930s, will make "less noise than a Volkswagen minibus" as its whisks passengers from Berlin to Hamburg at 250 mph.

The latter, the M3 measure of money supply under intense pressure since German unification in 1990, scattered investors in its wake as news of its 20.6 per cent rise in January roared through global markets.

What with US growth, price and employment figures also giving investors further opportunity to worry, it was another highly volatile week for equities and bonds around the world. Buffeted by these forces, London stocks rose on the first and last days of the week but had a couple of sharply down days in between. The FT-SE 100 index swung some 80 points during the week but ended only a net 3.2 points down at 3,278.

The Footsie has now retreated 242 points, or 6.9 per cent, since its record high of 3,520.3 on February 2, two days before the Federal Reserve unleashed an interest rate rise in the US and resulting market mayhem around the world.

For all the earnest efforts of analysts to decouple UK and European bonds from US bonds by arguing that inflation and growth trends over here argue for falling interest rates, European bonds have taken a hammering. UK gilts have fared worst. They notched a negative 3.47 per cent total return in February, the sharpest drop among the 13 biggest bond markets around the world.

The clear consensus is that the bond market sell-off has been greatly over-done. Fears of inflation and sharp tightening of policy by the Fed are excessive; worries about the Bundesbank's inability to cut German interest rates soon because of the runaway money supply are unfounded. Once the Fed raises rates slightly and European central banks resume lowering their own, stability will return to bond and thus stock markets.

Into this soothing balm dropped this week a challenging report on commodities, inflation and the markets by Kleinwort Benson. "We regard the sharp rise in global bond yields as warranted by the fundamentals," says Albert Edwards, Kleinwort's global strategist who had accurately forecast the markets' recent turmoil.

For the first time all 15 prices in Kleinwort's commodity index are rising. A year ago, only seven were rising. The index, which boasts a higher correlation to OECD GDP growth and world industrial production than competing indices, has shown a dramatic rise over the past year. When the index has reached this level in the past, the growth rate of OECD industrial production has accelerated to 5 per cent or better within a year.

"Rarely has (the index) reached its current level without inflation turning decisively upwards in the next year to 18 months," the report concludes. "We also suspect that non-US bond markets will continue to be adversely effected by the global inflation threat."

Kleinwort is gloomy enough to advise investors to hold substantial cash. To satisfy the remaining equity component in its assets allocation, it is steering investors towards markets likely to spring positive earnings surprises: only Japan and the UK qualify on that score for a hefty overweight position.

The steep fall in UK share prices over the past month certainly makes stocks look superficially better value in terms of price/earnings ratio and dividend yield. Both yardsticks have retreated from the uncomfortable levels they clocked at the market's peak. The rare, fervently bullish analysts such as James Capel, have been joined recently by many others.

In spite of all the mayhem in the markets, trading volumes have been relatively light on down days while up days have encouraged quite wide buying from investors. Some of them, of course, will be trying to ride every twist and turn of the market, so exacting can be the measures to which fund managers have to perform.

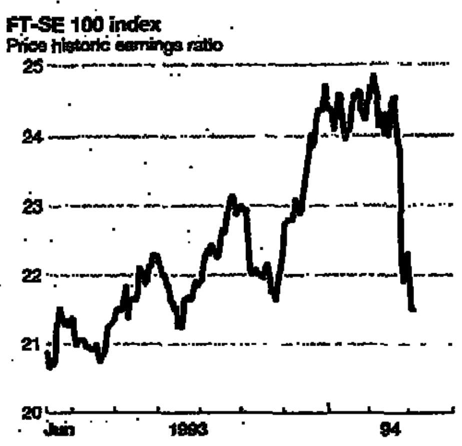
The point was driven home this week by the news that last year pension fund managers achieved, on average, a 27.9 per cent rise in their equity portfolios against a rise of 28.4 per cent in the FT-SE-A All-Share Index. For many, the cause was being underweight in shares of HSBC, parent of Hongkong and Shanghai Bank and Midland Bank.

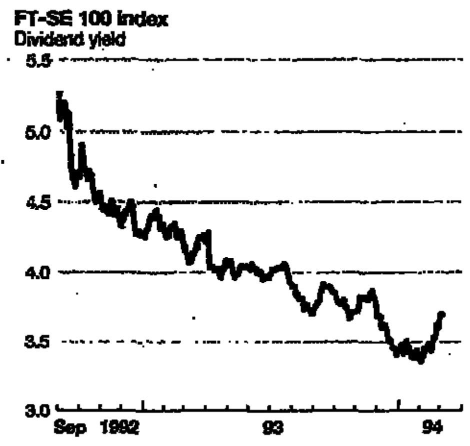
HSBC was the star results reporter of this week. Pre-tax profits rose 51 per cent to £2.58bn within which Midland quadrupled its profits to £844m. The group's full-year dividend rose 24 per cent to 23.5p. Rather disturbingly, though, £1.1bn of the profits came from foreign exchange and capital market trading. It admitted this was a performance it was unlikely to repeat this year, even with a £26bn bond portfolio.

In the home-grown UK corporate sector, the news was positive almost without exception. In the engineering sector, Vickers said it had "turned the corner" although GKN is still being dragged down by the slump in continental European vehicle production. Cookson (industrial materials), Zeneca (drugs), Associated British Ports (port operations and property), Serco (business services), General Accident (composite insurance) and T. Cowie and Henlys (car dealers) reported sharply higher 1993 profits.

Ladbroke, the hotel, casino and betting group, cut its dividend for the first time in its 27-year pubic history and took hefty writedowns on its properties. But investors had long ago priced in these reforms of new management and the shares have been one of the best performers this year.

Falling prices: better value?





Source: FT Graphite

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993/94 High	1993/94 Low	
FT-SE 100 Index	3278.0	-3.2	3520.3	2737.6	Bond market uncertainty
FT-SE Mid 250 Index	3927.3	+7.4	4152.8	2876.3	Focus remains on blue chips
BET	133½	-8½	162	84	Brokers downgradings
Barclays	512	-29	652	362	Bond market turbulence
Clayton Son	127	+14	150	55	Agreed bid
Close Bros.	445	-54	569	250	Market turbulence upsets bank stocks
Cowie (T)	328	+11	348	156	Bumper figures
Forte	269	+10	285	170	Savoy takeover speculation
Granada	549	-13	598	341	Stock selling after LWT bid
HSBC (75p shs)	860	-78	1113	490	Profit-taking/Hong Kong market weak
Laing (J) A	400	+15	428	196	BZW buy recommendation
Schroders NV	1100	-73	1360	387½	FT-SE 100 status under threat
Smiths Inds.	491	+12	527¾	320	Warburg recommendation
Standard Chartered	1115	-112	1437	576	HK markets weak/with HSBC
Warburg (SG)	824	-60	1012	529	Bonds/gilts weakness

Serious Money

When it pays to be suspicious

Gillian O'Connor, personal finance editor

Some 35 years ago, American investment guru Benjamin Graham* wrote: "An elementary requirement for the intelligent investor is an ability to resist the blandishments of salesmen offering new common-stock issues during bull markets." Unfortunately, far too many private investors have failed to take heed.

New issues flooded on to the London market in 1993 and have continued this year; March alone will see newcomers worth more than £3bn. The list is eclectic enough to fit most fancies – department stores, housebuilders, drug developers, even a Ghanaian gold miner – and some of the prices asked pay scant regard to the market's recent queasiness. But, as usual, many private investors are putting more effort into tracking down the newcomers than searching for good value among companies quoted already.

It would be unfair to suggest that all the newcomers will be bad investments, but it is sensible to be even more selective than normal when buying new issues. In the first place, these tend generally to come in waves near the top of a bull market. So, even if they are good companies, you are likely to be buying into the stock market at a bad time.

Second, all too many companies arrive with the best of their growth behind them, or when stock market expectations for their type of business are unrealistically high. Sometimes, the major shareholders are looking for a profitable time to offload a lot of their shares, perhaps to repay debts incurred in an earlier buyout. To quote Graham again: "Most new issues are sold under 'favourable' market conditions – which means favourable for the seller and, consequently, less favourable for the buyer."

Anyone doubting that issues flow fastest in a bull market needs only to remember the mid-1980s or look around him now. But is there any evidence that new issues are generally expensive relative to other companies quoted already on the market?

Academic research suggests that, on average, they outperform on the first day after the issue but do substantially worse than the market over the next few years. Over a three-year period, US issues lagged by 30 per cent and those in the UK by a comparatively modest 11 per cent**. Companies that started best tended to finish furthest behind.

A couple of surveys conducted by the *Investors Chronicle* in the mid-1980s added some detail to this pattern. They showed that share prices of many of the most fashionable issues performed a parabola – they went up like a rocket for a few months but then burned out. But the surveys also showed very large variations in performance between different companies. The general message seemed to be that, provided you were selective, buying new issues need not be disastrous.

That conclusion still begs an important question, though. Can private investors actually buy shares during the launch period and at the issue price?

Doing so has become increasingly difficult. Popular issues which are open to the public tend to be heavily over-subscribed. All too often, private investors either receive no shares or a derisory number.

Then, too, many issues seem to have become "shares for the boys." Smaller companies sell all their shares through placings with large institutional investors – which means that private investors' first opportunity to buy them is in the secondary market after the price has risen. This week, even House of Fraser, hardly a minnow, announced that it is making only a quarter of its issue available to private individuals. The odds are becoming weighted ever more heavily against the private buyer.

But several of the latest crop of launches are investment trusts. Indeed, the three largest have raised a remarkable £1.5bn between them. Perhaps investors who buy new funds have a better chance of success than those taking a direct stake in individual companies. After all, the interests of fund managers, unlike those of the promoters of individual companies, ought to be identical with those of investors.

A recent study by the London Business School*** suggests that new investment trusts behave very much like other new companies. Rather illogically, their share prices tend also to go to a (small) initial premium over the launch price. Over the longer term they tend, on average, to underperform both the UK market as a whole and their chosen sector.

The study shows no correlation between early strength and subsequent weakness. But, again, there is a marked variation between the records of individual trusts.

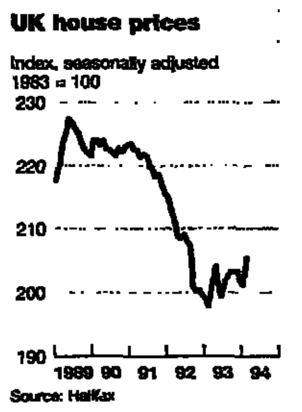
The flaw in all such research is that there is no guarantee that past price patterns will be repeated. This is particularly relevant with investment trusts, where discounts were still common when the LBS study was started.

Overall, though, the evidence still suggests that if you want to try your hand at new issues, it pays to be suspicious, if not paranoid. Or, as Graham puts it: "New issues have special salesmanship behind them, which calls for a special degree of sales resistance."

**The Intelligent Investor, by Benjamin Graham, Harper & Row $30; **Sundry papers by J Ritter and M Levis; ***Investment trust IPOs: Issuing behaviour and price performance, by Mario Levis and Dylan Thomas.*

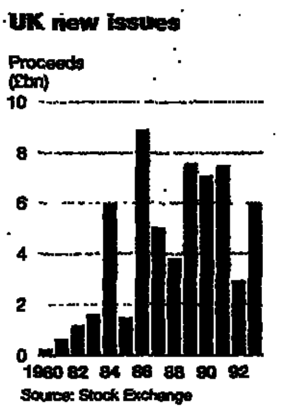
AT A GLANCE

UK house prices



Source: Halifax

UK new issues



Source: Stock Exchange

Conflicting information on house prices

House prices increased by 2.2 per cent last month, the biggest monthly gain since September 1988, according to Halifax, the largest mortgage lender. The figures conflict with Nationwide, the country's second largest building society, which said that UK house prices on average fell by 0.6 per cent in February compared with January. Prices are still well below their 1989 peak.

The societies are in closer agreement on the annual rate of increase, with Nationwide reporting 3.2 per cent and Halifax 3.8 per cent. Both are forecasting an increase in house prices of 5 per cent by the end of the year.

New issues keep on rolling

The stream of new issues keeps on coming. Mercury European Privatisation became the largest investment trust ever launched. House of Fraser confirmed that the Fayeds are selling the whole of the equity, although only a quarter will be available to the public. And Birmingham Post publisher, Midland Independent Newspapers, named its price. Page IV

A reprieve from the Revenue

Enterprise Zones have earned a reprieve from the Revenue. These are 25-year investments but sponsors of enterprise zone trusts have been able to provide an exit to private investors much sooner through the sale of a lesser interest. In January, the government threatened to disallow this but last week relaxed the rule, so that investors would be able to leave after seven years. Johnson Fry, Matrix Securities and Capital Ventures have announced new EZT launches in the wake of the Inland Revenue's new measure.

More bonus rates announced

Two more insurance companies have announced this year's bonus rates for with-profits policies. Axa Equity & Law has increased terminal bonus rates for policies of 20 years or more, but cut them for terms of less than 15 years.

This means that the maturity value of a with-profits endowment policy taken out by a man aged 29 paying £30 a month would be £62,660 after 25 years, up 3.1 per cent from last year, but £6,478 after 10 years, down 3.8 per cent.

Scottish Amicable is one of the few insurers to improve payouts on 10-year policies. Reversionary bonuses on most of the company's policies are lower, but maturity values have mostly increased.

A 25-year policy on the above basis would be worth £59,678, up 0.1 per cent, while a 10-year policy would pay £6,244, up 1.1 per cent.

Smaller company shares decline

Smaller company shares fell back again this week. The Hoare Govett Smaller Companies Index (capital gains version) fell 3 per cent to 1823.19 over the week to March 3. The FT-SE-A All-Share Index fell 0.6 per cent over the same period.

Wall Street

Job figures trigger a sigh of relief

After an anxious wait, Wall Street breathed a sigh of relief when the February employment report was released yesterday.

In the financial markets, the monthly jobs report is always the most keenly awaited of economic indicators, but this latest set of figures was deemed especially important because of what had preceded its release: four days of frantic trading in which stock and bond prices fluctuated wildly amid growing investor concern about inflation, rising interest rates, and a possible US-Japan trade war.

Thus, as the Labor Department was preparing to announce the February jobs figures yesterday morning, Wall Street was holding its breath. A bigger than expected rise in non-farm payrolls and the Federal Reserve might decide to put up interest rates again. (The last monetary tightening came on February 4). A smaller than expected rise and the threat of a rate increase would recede, at least for another month.

Yet, as often happens, the report served initially only to confuse, rather than clarify, the situation for financial markets. The headline number was a 217,000 increase in non-farm payrolls, which was well above analysts' forecasts. Also, the decline in the national unemployment rate – from 6.7 to 6.5 per cent – surprised Wall Street, which had been expecting no movement.

First reaction came from the Treasury market, where the price of the benchmark 30-year government bond quickly dropped three-quarters of a point, pushing the yield above 6.9 per cent. The initial assumption was that, because the figures were strong, the Fed would tighten monetary policy again, and soon.

The sell-off in the bond market, however, did not last long. When analysts took a second look at the employment numbers, they noticed that the January payroll figure had been revised downwards. Originally, payrolls were estimated to have risen 62,000 in the first month of the year. Now, the Labor Department says payrolls actually declined in January, by 2,000.

The new figure means that, in the first two months of this year, growth in payrolls has averaged little more than 100,000, which is below the two-month average recorded in the second half of 1993. For investors worried that accelerating economic growth and a rapidly-growing labour market would prompt another interest rate increase, this was good news.

There was more good news when the Bureau of Labor Statistics (the office which compiles the monthly jobs data) said it might have to revise the February payroll number downward as well. The BLS said that, because of recent severe winter weather, a smaller than normal number of companies had responded to its January and February surveys. When those companies which were unable to respond in February finally report their employment numbers, said the BLS, it is likely that the increase in payrolls will be revised downward – as happened in January.

This was all positive for the Treasury market and, in turn, pleased stock market investors who have been watching with growing dismay the steady rise in long-term bond yields. Consequently, share prices more than held their own on Friday morning, with the Dow Jones Industrial Average sitting on a 20-point gain by mid-day.

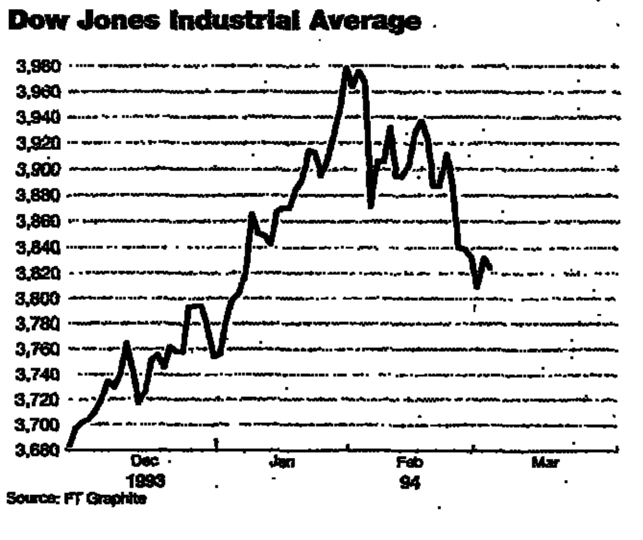
Yet, the threat of another rate increase has not receded entirely. One of the reasons the Fed tightened policy in February was that it wanted to curb investors' inflationary expectations. By putting up interest rates earlier than most observers had expected, the Fed hoped it could ease the market's inflation fears and see a decline soon in long-term interest rates.

This theory, however, has proved invalid so far. Since the Fed's tightening, long-term rates have climbed sharply. At the start of February, the 30-year bond yield stood at 6.3 per cent. Today, it stands at well over 6.8 per cent. If the Fed still believes it can lower long-term interest rates by raising short-term interest rates, then logic dictates that the central bank will try once again to dampen inflationary expectations with a rate increase. Stock and bond market investors – yesterday's encouraging employment report notwithstanding – must know this.

Then there is the little problem of a possible trade war with Japan. On Thursday, President Clinton revived a provision that allows the US to impose sanctions against countries with unacceptable trade barriers. Although this was interpreted as a warning shot, the financial markets tremble at the prospect of a trade war because sanctions would put up the price of Japanese goods sold in the US. Given investors' obsession about inflation, this is an unwelcome prospect.

Patrick Harverson

Dow Jones Industrial Average



Source: FT Graphite

Monday	3832.02	– 6.76
Tuesday	3809.23	– 22.79
Wednesday	3831.74	+ 22.51
Thursday	3824.42	– 7.32
Friday		

The Bottom Line

The Abbey: safe as houses

If the bank sector were a group of children, Abbey National would be the one playing quietly on its own, while the others rushed around getting into scrapes together.

Now almost five years old as a banking group – after a previous existence going back 150 years as a building society – Abbey still has many of its former characteristics. These help to explain why its performance has been steadier than those of its competitors.

The disadvantage of such steadiness, however, is that it lacks the opportunities for rapid growth in bouncing back from disastrous mistakes. Abbey's 25 per cent increase in pre-tax profits in 1993 announced this week, is relatively small compared with the recovery of other banks such as TSB, Midland and National Westminster.

Over 1991 and 1992, Abbey's share price outperformed the FT-SE-A Banks Index as the other bank stocks were more dragged down by the recession. Their exposure to bad corporate loans, for example, had a greater impact on them than did Abbey's to bad mortgages. As the other shares fell, their dividend yields rose relative to Abbey's. But over the last couple of years, the major clearers have recovered more rapidly than Abbey, reversing the relative trends on share prices and dividends.

This is not to say that Abbey has made no mistakes: the 1993 results gave two clear examples of making up for lost ground, in the £30m exceptional charge for the disposal of the Cornerstone estate agency, and the fall in provisions for bad debts in the UK to £119m (£227m).

The benefits from these recoveries will not recur on the same scale, but the £99m provisions on the European side for 1993 will fall this year, boosting pre-tax profits for the current year.

With only limited further gains to be reaped for falling provisions, however, the question is where Abbey's future growth will come from.

Hugh Pye, of BZW research, believes that Abbey is one of the few in the banking sector which will achieve underlying growth in the coming years, from increases in profits for the life insurance business and the treasury operation.

Scottish Mutual, a wholly-owned life-insurance subsidiary, contributed £40m to pre-tax profits in 1993, while Abbey National Life contributed £21m. Pre-tax profits from the treasury operation rose sharply to £145m, from £100m in 1992.

Peter Toeman, banking analyst at Hoare Govett, is more sceptical about the future contribution these two elements of the group can make, and emphasises the competition for the core UK retail banking operation which is putting pressure on the group's net interest income. UK retail banking accounted for £618m of the £704m pre-tax profits.

Toeman says that even if Scottish Mutual and Abbey National Life provided an extra £20m-£30m in pre-tax profits this year, a 10-basis-point fall in the lending margin would cut £60m from Abbey's profits.

John Aitken, analyst at UBS, questions how sustainable the treasury profits are. Even those who believe they will continue to grow believe that they will not grow as rapidly as they did in 1993.

Whatever doubts analysts may have about Abbey's future growth prospects, however, they are agreed on one matter: Abbey pays good dividends.

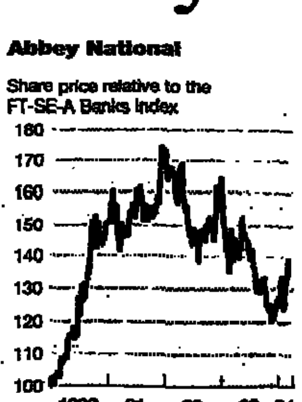
Each year since its conversion, Abbey has raised its full-year net dividend per share. The 1989 dividend of 5.7p per share compared with the 14.0p dividend for 1993, shows compound growth beyond that of Lloyds bank, the best performing of the major clearers, where the 1989 dividend was 13.3p per share compared with 22.1p in 1993.

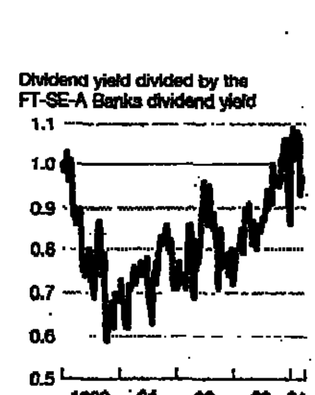
It has, however, been able to maintain that consistency only by changing its policy that dividends should be covered by earnings three times.The 1993 dividend is covered by earnings just 2.1 times.

This emphasis on income may suggest that Abbey's relationship with its shareholders is still reminiscent of that of a building society and its members. If it is to produce livelier prospects, both Abbey and its shareholders may have to accept that greater rewards come only with greater risks.

Alison Smith

Abbey National





Source: Datastream

Shop around for the best car insurance

***Bethan Hutton** finds a few telephone calls can result in serious savings*

Shopping around for motor insurance really pays. You might find a quote for half your present premium if you just took time to make a few telephone calls.

Research by Telesure, one of the new telephone-based insurance brokers, found differences in premiums of more than 100 per cent in some cases, and 30 or 40 per cent in many. That can easily mean a saving of £100 or more. "I think that rating, overall, is very random," says Simon Ward, Telesure's chief executive.

Insurers set their rates in line with their own claims' experience. So, if your insurer has had a lot of these from drivers with your model of car, or living in your area, your premiums could rise. Another insurer with far fewer claims would offer you a much better rate.

But if your renewal is due next month, and you start to shop around now, you cannot rely on getting the same rate in a few weeks. Premiums can change significantly from month to month, let alone year to year or between companies.

There are many loyal (or lazy) customers who renew every year with the same company assuming that, if their premiums are rising, other companies will be raising rates in the same way.

Unfortunately that is not necessarily the case: your insurer will have no compunction about bumping up rates for existing customers, while a rival might be keen to attract new business and would make you a much better offer. Most insurers will accept transferred no-claims bonuses, so you do not have to feel tied.

The motor insurance market is just emerging from a period of steep price rises - more than 20 per cent a year – to compensate for horrendous claim rates due to crime and the recession. The industry is also changing shape as the arrival of Direct Line, the cost-cutting, telephone-based direct insurer, and its imitators force the old giants of the insurance world to re-think their strategies.

DIRECT INSURERS	
Admiral	0800 600800
Churchill	0800 200300
Direct Line	081 686 2468
GA 1-2-1	0800 121000
Guardian Direct	0206 222200
The Insurance Service	0272 242222
Preferred Direct	0800 850750
TELEPHONE BROKERS	
AA Autoquote	0800 444777
OneQuote*	0891 515515
SelectDirect	0345 335335
Telesure	081 665 9988
Insurance Selection*	071 404 2800

* Charge made for quote.

Some sections of the motor insurance industry are now murmuring about a price war. That could be exaggerated, but companies moving into the direct insurance market need to grab a big-enough share of the market to justify the huge investment in computer systems, staff training and so on.

The easiest way to build up market share is to offer low premiums, even if that means making a loss for the first few years. And if direct writers are lowering premiums, the rest of the industry will fight back.

So, consumers could benefit, at least in the short term. Indeed, things are looking better for car owners than they have for some time.

If insurers want to avoid a price war, they may start trying to compete on other factors, such as service – promising to offer smoother claims procedures, for example. This appears to be the direction being taken by the latest entrant to the direct market, Guardian Direct.

It is, however, far less easy for consumers to shop around for good service than for low prices. The proof of good service really comes when you claim – which, with any luck, will be long after you have made your choice.

There can be some confusion between direct insurers and telephone brokers, especially as both tend to advertise widely with cheap insurance offers.

Direct insurers are those which sell only their own policies, and only directly to the consumer over the telephone. They cut out third parties, which reduces administrative costs, and should allow them to charge less.

Telephone brokers have access to quotes from many different insurers, and use a computer to find the lowest for you. Some of them deal with a select panel of a dozen insurers, while others quote for more than 100.

It might appear that telephoning a broker is always a better move than calling a direct insurer – why get one quote when you can get a dozen or more? But there is a catch.

The direct insurers – which can offer highly competitive rates for average motorists – do not allow their policies to be sold through brokers. Some insurers will not sell direct, while others offer different policies and rates depending on whether they are sold direct or through a favoured broker. There is no single number you can call to get access to every policy from every insurer.

So, shopping around is still a time-consuming process, even though you can now do most of it sitting in an armchair by the telephone. You might have to resign yourself to an hour or two on the line to half a dozen direct insurers or telephone brokers (to make it easier, many of them use freephone or local rate numbers and operate extended office hours). You could then spend the next morning or lunch break, checking how conventional high-street brokers measure up, before making up your mind.

In the end, the time factor could give telephone brokers the edge. Giving such details as your car's make and model, your address, occupation and accident record over the telephone can take several minutes.

Unless your patience – or eagerness to save money – is boundless, you will soon tire of repeating the same information over and over again.

A broker gives access to dozens of insurers in the time it would take to get a single quote from a direct insurer; and as direct insurers proliferate, you will not want to call them all.

Most of the telephone brokers do not charge directly for the service - they take a commission if you buy insurance through them. But a couple of new telephone-based companies are charging consumers more directly.

Insurance Selection charges £15 to find you the lowest quote from its panel of 100 insurers. If the quote is not at least £30 less than the renewal from your present insurer, the £15 is refunded.

OneQuote takes your details on a premium-rate telephone line (36p or 48p a minute) and finds the lowest quote on its system before putting you in touch with a local broker who is agent for that insurer.

How lifestyles are likely to affect your premium

There was a time when insurance brokers knew most of their customers personally, bad habits and all, and could size up their risk level in a moment.

That has been lost with the arrival of the computer age where the link between broker or insurer and client is a slender telephone line and risk assessments are based on bare details from a form.

Do not be surprised in future, though, if your insurance salesman starts suddenly to get personal, asking if you are married or living with someone, whether you have children, if you smoke, where you work, what exactly your job involves, and whether you drive to work or leave your car at the station. You might even be asked about its colour.

This is not idle curiosity – he could be trying to form a clearer picture of precisely who the company is insuring and what factors are linked to high or low claim rates.

Peter Friend, managing director of broker SelectDirect, says the correlation between lifestyles and claim records is being examined very closely by many companies. Information technology gives insurers the power to analyse their own claims experience in more sophisticated ways, and carry out more research into what questions they should be asking on their proposal forms.

Norwich Union is one company which has been investigating how different lifestyle factors might relate to future claim rates. The results of this research have not yet worked through into new policies or new questions on the proposal form, but Norwich is studying the data carefully and product developments could follow in the future.

Some things may seem obvious: surely someone who does 30,000 miles a year is a bigger risk than someone who does 3,000? But if the 3,000 is made up of lots of short commuting journeys into central London, and the 30,000 is notched up cruising the empty highways of rural Scotland, the picture changes.

Things are not always what they seem, or what long-standing conventional wisdom would indicate. Take journalists, who traditionally have had to bear heavy loadings for car insurance.

When this is analysed, it becomes clear that many insurers view newspaper and television journalists (and, by association, anyone in media-related professions) as hard drinkers who chase ambulances for stories or act as unofficial chauffeurs to famous interviewees, who then sue for vast damages when they are involved in an accident.

The mismatch between this image and the actual habits of the majority of modern, desk-bound, rail-commuting journalists is so huge that you have to wonder if underwriters base their ratings on the exploits of fictional journalists from films and novels rather than direct experience.

No doubt there are other professions, or classes of driver, which have less opportunity to protest in print but could also benefit from premiums linked more closely to real lifestyles. Technology-aided rating refinements may yet mean that insurers no longer have to take the broad-brush approach and tar a whole profession with a small portion's bad record.

B.H.

FINANCE AND THE FAMILY

New issues

Good news at last

Midland Independent Newspapers pitched in this week with what appears to be a significant opportunity for investors to take advantage of recovery in a severely depressed advertising market. The group announced a flotation price of 140p, valuing the regional newspaper publisher at £193m.

The historic price to earnings ratio of 19.5, based on a full tax rate of 33 per cent, compares favourably with both the sector average of 29.9 times and multiples of comparable groups such as Trinity International and Johnston Press.

MIN has won praise for its performance during recession. Since the £125m management buy-out in 1991, margins have more than doubled from 9 per cent to 21 per cent. But the improvements may leave potential investors wondering if most of the benefits of revitalising the group and improving margins have been absorbed already.

Indeed, this is likely to be the case, except with newly-acquired titles which offer scope for improvement in the short term.

MIN's main appeal lies in its exposure to classified and, in particular, recruitment advertising. Even small increases in volumes are expected to fall straight through to profit.

Longer-term questions centre on MIN's underlying potential in a historically declining market. Regional newspapers are losing ground steadily to other media in terms of both audience and their share of the advertising market.

Much will depend on MIN developing new opportunities. Meanwhile, the price announced this week leaves many convinced the shares will trade on a premium for the short to medium term.

Peggy Hollinger

The week ahead

Copper tarnishes RTZ

IMI, the diversified engineering group, is expected to announce a small increase in annual profits on Monday, probably around £70m for 1993 against £68m for 1992. It has been coping with rationalisation of its fluid power operations and losses on computer activities.

More vigorous profits growth is held back by the state of continental European economies, but there should be rising revenue from the UK and US.

Little better than break-even is expected from Fisons, the troubled pharmaceuticals and scientific equipment group, when it reports full-year figures on Tuesday. Profits of between £50m and £70m will be wiped out by re-structuring provisions, particularly at the loss-making scientific equipment division.

RTZ, the world's biggest mining company, is expected to report net attributable earnings for 1993 of around £300m on Wednesday, up from £249m previously. The results will be hampered by weak copper prices but helped by a strong performance from CRA, its Australian associate.

During the year the group has sharpened its focus on mining, buying Nerco's US coal interests and disposing of Pillar, its industrial division, which is expected to result in a £165m loss after writing back goodwill.

Full-year figures from Cadbury Schweppes, also due on Wednesday, will be affected heavily by the group's recent acquisition programme, including Aguas Minerals of Mexico and A&W Brands of the US, together with last September's rights issue. The net result could be a rise in pre-tax profits from £333m to £400m, with perhaps £25m of the rise due to the weakness of sterling.

Standard Chartered is expected to deliver its first strong and unflawed set of results for several years on Wednesday, with analysts expecting pre-tax profits to double from £197m in 1992 to about £400m for last year.

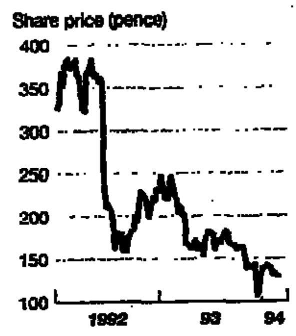
Last year's 20p net dividend is expected to be covered up to four times by earnings. The bank could feel the need to underpin its recently volatile share price with a strong increase in the final dividend.

The City expects Rolls-Royce, the UK aero-engine and industrial power group, to report improved pre-tax profits of £60m-£75m for 1993 on Thursday. In 1992, losses were £184m pre-tax. Having launched a £307m rights issue last year, it reported pre-tax profits of £31m for the first half of 1993. At the interim stage, it forecast an unchanged dividend of 5p a share for the full year.

Shares in BTR, the UK industrial conglomerate, have underperformed the market by about 20 per cent since last August. This is likely to be exercising its executives before the group's 1993 results on Thursday.

The company first unsettled the market by warning in September that the outlook remained uncertain for any economic recovery in the group's second half. Analysts duly trimmed their forecasts and the present expectation is for pre-tax profits of about £1.38bn, compared with £1.09bn last time.

Fisons



Source: FT Graphite

Full-year figures from Hillsdown on Thursday will show a rebound from the depressed £63.7m post-exceptional figure for 1992. However, the gain against the reported pre-tax profit of £154.1m will be smaller – the range of forecasts extends from £155m to £164m.

Profits on the disposal of non-core activities are likely to fuel a sharp improvement at TI, the specialist engineering group, which is expected to post pre-tax profits of up to £130m on Thursday, against a re-stated £87.4m last time.

Interest in the Barclays results' announcement on Thursday is heightened because it will be the first time that Martin Taylor, the new chief executive, will have the chance to give his views after examining the banking group thoroughly.

Because the bank cut its dividend last year as a result of making a £242m loss, analysts do not expect any increase. But the reduced dividend is likely to be well covered, with analysts predicting pre-tax profits of about £750m.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Abbott Mead Vickers	Med	Friday	3.0	6.3	3.2
Abtrust Lloyds Ins Trust	InTr	Friday	-	-	-
Alliance Trust	InTr	Friday	14.0	31.0	14.0
BAT Industries	Tob	Wednesday	14.6	22.6	7.9
BBA	EngV	Monday	2.25	5.26	2.25
BICC	E&EE	Wednesday	6.0	13.25	6.0
BTR	Dvin	Thursday	7.75	10.25	4.95
Badgerline	Tran	Monday	-	-	-
Barclays	Bank	Thursday	6.0	-	6.5
Bluebird Toys	L&H	Wednesday	-	4.5	-
Brent International	Chem	Tuesday	1.6	5.8	1.6
British Polythene Industries	P&PP	Monday	3.5	6.5	3.75
British Vita	Chem	Monday	3.5	3.65	3.65
Bumfield	Eng	Tuesday	1.65	4.1	1.65
Cadbury Schweppes	FdMa	Wednesday	3.3	9.9	3.6
Candover Investments	InTr	Monday	6.5	-	3.95
Christies International	ReGn	Thursday	0.5	1.0	0.5
Clarke (T)	B&C	Thursday	1.26	2.81	1.265
Cussins Property	B&C	Thursday	-	-	1.0
De Beers Consolidated Mines	Extn	Tuesday	-	-	-
Enterprise Oil	OIE	Thursday	6.5	9.5	9.5
Exeter Pfd Capital Inv Trust	InTr	Wednesday	-	0.939	-
Expamet International	Eng	Tuesday	2.09	1.16	1.25
Ferry Pickering	PP&P	Thursday	3.4	2.0	2.1
Fife Indmar	Dist	Thursday	0.5	-	0.75
Fisons	Phrm	Tuesday	3.3	5.4	3.3
Foreign & Colonial Inv Trust	InTr	Wednesday	1.12	2.23	1.15
Forward Technology	E&EE	Friday	-	-	-
Gartmore	InTr	Tuesday	-	-	-
Gibbs & Dandy	BdMa	Tuesday	-	-	1.0
Glynwed International	Eng	Wednesday	4.15	7.5	4.15
Harrington Kilbride	Med	Wednesday	1.5	3.0	1.7
Hartons	Chem	Monday	-	-	-
Hillsdown Holdings	FdMa	Thursday	2.2	6.6	2.2
Holliday Chemical	*Chem*	*Wednesday*	-	-	1.6
IMI	Eng	Monday	4.2	5.8	4.2
Independent Newspapers	Med	Wednesday	-	-	-
Instem	SpSv	Tuesday	1.3	1.8	1.3
Intrum Justitia	OtFn	Monday	-	-	-
Jacobs (JI)	*Tran*	*Thursday*	0.5	1.4	0.5
Jessups	Dist	Wednesday	1.5	3.0	1.5
Kerry Group	FdMa	Tuesday	-	-	-
Kleinwort Smaller Co's Inv	InTr	Wednesday	2.0	-	1.5
Kode International	E&EE	Thursday	1.5	4.0	2.0
Laporte	*Chem*	*Tuesday*	7.0	12.5	7.4
M & G Income Investment Trust	InTr	Wednesday	-	-	-
M & G Recovery Investment Tst	InTr	Wednesday	-	-	-
MTL Instruments	E&EE	Thursday	1.6	2.0	1.7
Manders	Chem	Thursday	2.6	6.4	2.9
Metal Bulletin	Med	Wednesday	2.7	5.3	2.9
Microvitec	E&EE	Wednesday	-	-	-
Parkdean Leisure	L&H	Monday	-	-	-
Pegasus	SpSv	Tuesday	3.5	2.0	2.0
Pentland	Text	Thursday	1.04	1.46	1.16
Perkins Foods	FdMa	Monday	1.7	2.7	1.75
Plantsbrook	OtSv	Tuesday	1.0	2.0	1.0
Portals	PP&P	Wednesday	5.0	9.5	5.25
RTZ	Extn	Wednesday	6.0	13.5	13.5
Radius	SpSv	Friday	0.9	1.8	0.45
Relyon	Hse	Wednesday	1.75	3.15	1.9
Robinson Bros	n/a	Tuesday	-	-	-
Rolls Royce	Eng	Thursday	2.55	2.45	2.0
Select Appointments	SpSv	Wednesday	-	-	-
Sheffield Insulations	BdMa	Thursday	1.8	3.6	1.8
Singapore Para Rubber Estates	OtSv	Thursday	-	1.7	-
Singer & Friedlander	*MrBk*	*Wednesday*	1.0	1.8	1.25
Smith & Nephew	Hlth	Thursday	1.8	2.82	1.89
Spear (JW)	L&H	Thursday	2.5	11.5	3.0
Standard Chartered	Bank	Wednesday	7.0	13.0	7.5
Sumit	InTr	Tuesday	1.4	-	0.7
Sunleigh	L&H	Tuesday	-	-	-
Suter	Dvin	Tuesday	3.2	5.6	3.4
T & N	EngV	Wednesday	3.6	7.25	10.85
TI Group	Eng	*Thursday*	3.7	7.0	3.85
Takare	Hlth	Friday	0.6	1.2	0.7
Telemetrix	E&EE	Thursday	-	0.8	-
Transport Development	Tran	Wednesday	3.0	6.5	3.0
USDC Investment Trust	InTr	Monday	1.25	3.25	1.25
Victaulic	Eng	Thursday	2.5	5.3	2.5
Vivat	Text	Friday	-	1.0	-
WPP	Med	Tuesday	-	-	0.35
Wates City of London Prop	*Prop*	*Tuesday*	0.77	-	-
INTERIM DIVIDENDS					
BM	Eng	Thursday	0.5	-	-
BZW Endowment Fund	InTr	Thursday	-	-	-
British Bio-technology	Phrm‡‡	Wednesday	-	-	-
Close Brothers	MrBk	Monday	3.2	7.6	-
Cornwell Parker	Hse	Monday	1.7	4.0	-
Dartmoor Investment Trust	InTr‡‡	Wednesday	2.5	-	-
Domestic & General	Ins	Monday	7.5	15.0	-
HTR Japanese Smaller Co's Tst	InTr	Tuesday	-	-	-
Hays	SpSv	*Monday*	1.7	3.6	-
Headway	Chem	Friday	-	0.7	-
Lloyds Chemists	ReGn	Monday	2.0	5.25	-
Logica	SpSv	Wednesday	1.25	2.75	-
MR Data Management	SpSv	Tuesday	1.73	3.46	-
Mucklow (A & J)	*Prop*	*Thursday*	2.963	3.14	-
NM Smaller Aust Co's Trust	InTr	Wednesday	-	-	-
Perpetual Japanese Inv Trust	InTr	Monday	-	-	-
Pict Petroleum	OIE	Monday	-	-	-
Polypipe	BdMa	Tuesday	0.66	1.44	-
Thorntons	ReFd	Tuesday	1.25	2.4	-
Walker (Thomas)	Eng	Friday	0.18	0.4	-
Waterglade International	Prop	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ 3rd Quarter figures. ★ 1st Quarter figures.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Anglia Television‡	*837§§*	*835*	*484*	*292.0*	*MAI*
Europe Mins	62.2	52	-	15.0	Burmine
Freeman	221	228	220	16.05	Sheffield Ins.
In Shops	116	113	83	58.36	Birkby
LWT ‡	786§§	723	585	813.11	Granada
Molynx	23.65	23½	23	5.01	Silvermines
Reject Shop	22.4	30	59	2.5	Upton & Southern
Westland	290*	328	305	496.0	GKN

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 4/3/94. §§Shares and cash.*

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ASW	Eng	Dec	100	(10,800 L)	-	(-)	6.0	(6.0)
Abbey National	Bank	Dec	704,000	(564,000)	29.7	(24.2)	14.0	(11.5)
Admiral	SpSv	Dec	4,610	(3,900)	27.6	(24.2)	6.3	(5.4)
Arcon International	OIE	Aug‡‡	3,240 L	(1,210 L)	-	(-)	-	(-)
Assoc British Ports	Tran	Dec	82,100	(36,600 L)	25.5	(-)	9.3	(8.5)
BWD Securities	OtFn	Nov	3,080	(1,740)	11.1	(8.4)	4.0	(3.2)
Baillie Gifford Shin	InTr	Jan†	179.6	(123.1)	-	(-)	-	(-)
Baltic	OtFn	Dec	4,380	(6,550)	8.0	(-)	1.5	(1.0)
Bensons Crisps	FdMa	Nov	302	(500)	4.1	(5.0)	2.85	(2.85)
Billam (J)	Eng	Dec	385	(479)	16.0	(20.1)	5.3	(5.0)
Boddington	Brew	Jan	41,200	(22,000)	17.8	(16.2)	8.03	(7.3)
Braime (TF & JH)	Eng	Dec	544	(582)	23.29	(26.69)	8.75	(8.75)
CCS Group	n/a	Oct	1,530	(10 L)	9.61	(-)	-	(-)
CRH	BdMa	Dec‡‡	76,500	(57,600)	19.8	(15.6)	7.23	(6.75)
Canadian Pizza	FdMa	Dec	3,200	(2,700)	12.9	(-)	3.6	(-)
Cantab Pharmaceuticals	Phrm	Dec	2,880 L	(1,400 L)	-	(-)	-	(-)
Capita	SpSv	Dec	5,460	(4,400)	7.8	(6.4)	2.55	(2.1)
Clayton, Son	Eng	Dec	1,088 L	(1,396 L)	-	(-)	-	(-)
Comec	SpSv	Dec	228 L	(395)	-	(3.7)	1.6	(1.5)
Computer People	SpSv	Dec	1,100	(145)	4.37	(-)	1.5	(0.65)
Corporate Services	SpSv	Dec	877	(1,550 L)	2.73	(-)	0.25	(-)
Cowie (T)	Dist	Dec	38,000	(24,300)	20.8	(13.4)	7.85	(6.25)
Dixon Motors	Dist	Dec	1,330	(370)	9.1	(10.4)	2.25	(-)
Epwin	BdMa	Dec	4,680	(3,100)	15.17	(11.84)	7.5	(6.8)
Fidelity Euro Values	InTr	Dec	167.49	(103.54)	0.32	(0.45)	0.3	(0.3)
Fleming Mercantile	InTr	Jan†	370.1	(291.2)	6.38	(5.43)	6.7	(6.7)
Freeman	BdMa	Dec	1,000	(496)	10.4	(2.7)	6.0	(5.0)
GKN	EngV	Dec	97,500	(121,800)	18.7	(20.6)	20.5	(20.5)
General Accident	Ins	Dec	294,900	(29,300 L)	50.0	(-)	27.5	(26.75)
HSBC	HSBC	Dec	2.58bn	(1.74bn)	71.7	(48.8)	23.5	(19.0)
Inishtech	n/a	Dec‡‡	8,100	(7,280)	39.6	(37.1)	8.0	(6.05)
Inveresk	PP&P	Dec	9,260	(5,790)	16.9	(11.5)	3.5	(-)
Kalon	Chem	Dec	18,800	(10,600)	9.88	(5.17)	4.2	(3.3)
Ladbroke	L&H	Dec	62,100	(6,200)	2.32	(-)	6.0	(11.15)
Leeds & Holbeck Bldg	n/a	Dec	7,720	(6,840)	41.54	(39.94)	-	(-)
Life Sciences	Hlth	Dec	23,000	(20,600)	9.4	(9.1)	3.9	(3.55)
Lilleshall	BdMa	Dec	3,900	(3,120)	10.0	(9.2)	4.55	(4.25)
London Forfaiting	OtFn	Dec	21,500	(16,050)	16.15	(13.75)	9.3	(8.4)
Mallett	*ReGn*	*Dec*	*1,040*	*(518)*	*5.27*	*(2.52)*	*3.0*	*(2.0)*
Micklegate	Prop	Apr	1,510	(4,750)	-	(-)	-	(-)
Micro Focus	SpSv	Jan	21,800	(22,800)	101.2	(106.5)	-	(-)
Midland Bank	Bank	Dec	844,000	(204,000)	-	(-)	-	(-)
Murray Income Trust	InTr	Dec	367.8	(293.5)	5.47	(5.0)	11.3	(10.9)
Newmarket Venture Cap	InTr	Dec†	62.0	(82.0)	-	(-)	-	(-)
North of England Bldg	n/a	Dec	13,500	(16,700)	-	(-)	-	(-)
North Midland Constn	B&C	Dec	14 L	(159)	-	(0.3)	0.4	(0.6)
Pegasus	SpSv	Dec§	6,930	(620)	76.1	(7.7)	5.0	(9.0)
Philips Electronics	E&EE	Dec‡	856,000	(900,000 L)	6.15	(-)	0.5	(-)
Record Holdings	Eng	Dec	2,410	(1,090)	4.5	(1.7)	3.6	(3.6)
Rhino	SpSv	Dec	2,030	(154)	2.49	(0.39)	0.5	(-)
Scottish Eastern Inv	InTr	Jan†	105.4	(79.2)	1.66	(1.59)	1.58	(1.52)
Serna	SpSv	*Dec*	24,500	(19,500)	16.6	(13.2)	3.1	(2.8)
Serco	SpSv	Dec	9,420	(7,210)	46.5	(37.0)	17.0	(14.0)
Stat-Plus	SpSv	Dec	3,420	(3,610)	10.7	(11.3)	6.6	(6.0)
Thornton Pan-Euro Inv	InTr	Dec†	40.79	(32.29)	0.92	(0.81)	(1.0)	(1.0)
Trans World Comms	Med	Dec	1,744	(1,126)	3.1	(3.1)	1.3	(0.8)
UES	n/a	Dec	48,100 L	(10,300 L)	-	(-)	-	(-)
Upton & Southern	ReGn	Jan	321 L	(836 L)	-	(-)	-	(-)
Vickers	Eng	Dec	32,300	(36,600)	8.0	(-)	3.0	(1.5)
Woodchester Invs	OtFn	Dec‡‡	35,400	(17,100)	8.25	(15.1)	5.17	(4.5)
Wyevale Garden Centres	*ReGn*	*Dec*	*4,450*	*(3,540)*	*9.7*	*(7.8)*	*4.4*	*(4.0)*
Yorkshire Bldg Soc	n/a	Dec	66,600	(55,700)	38.74	(39.64)	-	(-)
Yorkshire Food	FdMa	Dec	5,100	(-)	9.33	(8.21)	3.2	(-)
Zeneca	Phrm	Dec	642,000	(102,000)	51.7	(10.8)	27.5	(27.5)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Ardagh	n/a	Dec‡‡	2,240	(898)	0.76	(0.725)
Bolton Group	Prop	Oct	183	(21)	-	(-)
Crossroads Oil	OIE	Dec	156	(298 L)	-	(-)
DCS Group	SpSv	Dec	41	(121)	-	(-)
Embassy Property	Prop	Sep	454 L	(4,000)	-	(-)
European Smaller Co's	InTr	Dec†	135.8	(104.5)	-	(-)
F & C Special Utilities	InTr	Dec†	54.04	(-)	1.1	(-)
Galliford	B&C	Dec	267	(327)	0.5	(0.5)
Gartmore Scotland Inv	*InTr*	*Jan†*	*314.5*	*(249.0)*	*2.4*	*(2.4)*
Gent (SR)	Text	Dec	1,120	(886)	0.9	(0.75)
Goodwin	Eng	Oct	180	(81)	-	(-)
High-Point	Prop	Nov	93	(166)	-	(-)
Honeysuckle	Text	Nov	834	(601)	1.0	(0.75)
IMC Industries	L&H	Oct	165	(202)	-	(-)
Industrial Control Svs	E&EE	Nov	2,620	(2,370)	1.5	(1.33)
Isotron	Hlth	Dec	1,510	(1,440)	1.66	(1.51)
Jos	InTr	Jan†	277.9	(217.3)	2.875	(2.875)
Kenmare Resources	Extn	Oct‡‡	21	(20)	-	(-)
Linx Printing Tech	Eng	Dec	391 L	(763)	0.25	(0.87)
Midland & Scottish Res	OIE	Jun	18,400 L	(1,900 L)	-	(-)
Paramount	Brew	Nov	273	(261)	-	(-)
PizzaExpress	L&H	Dec	3,100	(55)	0.5	(-)
Primadona	InTr	Dec†	314.93	(207.14)	2.0	(2.0)
Quayle Munro	OtFn	Dec	323	(-)	3.0	(-)
Raine	B&C	Dec	3,440	(2,760)	1.0	(2.0)
Renishaw	Eng	Dec	2,810	(3,070)	2.5	(2.5)
SWP	BdMa	Dec	105	(42)	-	(-)
Save & Prosper Linked	InTr	Dec†	£14.32	(£12.1§§)	19.6	(30.25)
Scottish Inv Trust	InTr	Jan❖	305.8	(280.0)	-	(-)
Select Industries	EngV	Dec	1,030 L	(547 L)	-	(-)
Sheafbank Property Tst	Prop	Dec	280 L	(200 L)	-	(-)
Sinclair (Wm)	*OtSr*	*Dec*	*1,350*	*(1,390)*	*1.7*	*(1.7)*
TR European Growth Tst	InTr	Dec†	154.3	(99.2)	-	(-)
Titaghur	n/a	Sep	2,140 L	(426 L)	-	(-)
Tomorrows Leisure	L&H	Sep	204 L	(110 L)	-	(-)
Tor Investment Trust	InTr	Jan†	£16.71	(£12.02)	10.0	(-)
Usher (Frank)	Text	Nov	624	(843)	2.5	(2.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ★ Figures for nine months. ❖ Figures for 3 months. ‡‡ Irish punts and pence. ‡ *Netherland guilders. § Comparables are for 17 months. §§ At June year end.* ♦ Cost/income ratio. ⁑ Net profits.

RIGHTS ISSUES

Crean (James) is to raise IR£2.8m via a 35 for 100 at 285p rights issue of 11.4m shares.
Hollas is to raise £17.3m via a 5 for 4 at 25p rights issue of 73m shares.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Cedardata is coming to the market via a placing of shares at 105p.
Coal Investments is to raise £3.5m via a loan issue, plus £8m via a placing of shares and a 1 for 8 rights issue at 65p.
Domnick Hunter is to raise £16m via a placing.
Embassy Property is to raise £15.2m via placing and offer of 1.6bn shares at 1p.
Flemings is to raise about £100m via a placing and offer.
Groupe Chez Gerard is to raise £3-6m via a placing.
Markheath is to raise £24m via a placing and offer of 79m shares at 33p.
Midland Independent Newspapers is to raise £96m via a placing and offer of 77.9m shares at 140p.
Nottingham Group is to raise about £15m via a placing and offer.
Piper Intl Asset Management is to raise up to £50m via a placing and offer of shares in Piper European Smaller Co's at 100p.
Redrow is coming to the market via the issue of about 50m shares.
Sanderson Bramall is to raise £2 via the issue of 1m shares.
Sheafbank Property Trust is to raise £8.1m via a placing of 35m shares at 25½p.
Walnhomes is to raise £32m via a placing and offer.
Wills is to raise £5m via an issue of 18.2m shares and £2.05m via a placing of 7.47m shares at 27½p.

Next stop the world

Scheherazade Daneshkhu on two new privatisation unit trusts

Last year, fund management groups met growing retail demand for emerging markets funds with weekly launches; now, it is the turn of privatisation issues. Fond memories of the UK government's privatisations in the mid-1980s – many of which proved excellent for generous returns, even after a short period – have led to private investor interest in funds with the privatisation label.

The large privatisation programme under way in several European countries, particularly France, spawned two recent investment trusts from Kleinwort Benson and Mercury Asset Management, both of them over-subscribed. The next step beyond Europe is the world and two fund management groups, Guinness Flight and Fidelity, have now launched Global Privatisation unit trusts. But investors should ask themselves if these correspond to their needs.

Both emphasise the wider geographical area and stock selection opportunities afforded by a global, rather than a European, fund. But since the two also want to qualify for the full £6,000 annual general personal equity plan allowance, they are restricted to holding a minimum of 50 per cent in the UK and Europe.

Fidelity will invest an initial 75 per cent of its fund in Europe (35 per cent in the UK), although it will increase its holding outside in due course, while the European weighting for Guinness Flight is 65 per cent. The exposure outside Europe is, therefore, not much greater than you can get by investing in non-qualifying funds through a self-select Pep.

The attraction of the new funds will lie in an ability to produce returns higher than those found in other European or international growth unit trusts. But by focusing solely on privatisations, the choice of companies in which to invest will be less than a more general fund.

Fidelity finds this too much of a restriction and will include companies that benefit from privatisations. In the UK, this would mean a holding in Mercury as well as British Telecommunications, since it was the privatisation of BT which allowed Mercury to become a viable presence in the UK telecommunications market.

"We are more comfortable running a portfolio with stocks other than privatisation issues because it will give us a greater opportunity to give better performance and a wider range of stocks to choose from," says Fidelity executive Mary Blair.

Guinness Flight is sticking to the pure definition of privatisation. Tim Thomas, manager of the new trust, says: "It does offer a bit of a restriction; it probably means you buy half of all companies privatised in Europe. But that will rapidly become less important as more issues come through."

These are not funds for income-seekers. The Guinness Flight trust will have a yield of about 2 per cent and Fidelity says its yield will be between 1.5 and 2 per cent. Richard Boyton, of Boyton Financial Services, adds: "They have a place in a portfolio as a long-term hold and, on balance, I prefer Fidelity because of the wider investment brief."

Charges on the Guinness Flight fund are an initial 2 per cent if you invest through the Pep. There are withdrawal charges of 3 per cent in the first year, 2 per cent in the second and 1 per cent in the third. The initial charge on a direct investment in the unit trust is 5 per cent, with a 1 percentage point discount until the end of March. The annual fee is 1.25 per cent but the Pep carries a 1.5 per cent annual charge. The minimum investment in the Pep is £3,000 or £1,000 into the unit trust.

Fidelity's Pep charges are the same. The initial charge outside the Pep is 5.25 per cent with an annual charge of 1.5 per cent. The minimum investment is £1,000.

Latins make the running

Latin America is the place for private investors to put their money this month, if the UK investment trust industry is to be believed: the public offers for three new Latin American funds open later this month (see details at end of story).

UK fund managers are only following global investment fashions. The big money managers who poured funds into Hong Kong and the rest of south-east Asia last year are now finding those markets too expensive. Their new target is Latin America.

Arnab Banerji, chief investment officer of Foreign & Colonial Emerging Markets, is one such manager. He has been transferring money in his general portfolio from south-east Asia to Latin America for the past four months. F&C also has a specialist Latin American trust.

The basic argument for investing in Latin America is that most economies in the region are coming under control, and implementing sensible policies. Political situations are stabilising and the North American Free Trade Agreement brings the prospect of improved trade links.

Projected economic growth rates are not as high as south-east Asia – perhaps 5 per cent a year on average, compared with 6 or 7 per cent – but they are far higher than most of the developed world. The stock markets of the region have even greater potential as many companies remain under-valued by world standards.

Many people may still think of Latin America as the basket case of the past decade or two and are reluctant to entrust their money to the region. But Banerji says: "In 1930, Argentina had the fourth highest per capita income in the world. The country grew at rates which made the Germans envious." It has done it once so it can do it again.

Mark Mobius, the highly-regarded strategist behind the Templeton Emerging Markets trust, is also involved in Templeton's new Latin America trust. His approach is to look for value.

Global weight of money tends to eliminate value from the markets it hits, but Mobius remains happy to launch the new fund now.

He believes the flow of money will entice more companies into seeking a listing, and governments will accelerate their privatisation programmes. But Mobius is unlikely to be in there fighting for a share of the initial offers.

"We want to buy when others are despondently selling," he says. He buys stocks cheaply on their way down, then sits on them as they rise again. Templeton's strategy is for the long term, so Mobius is not afraid to stay in cash until the moment is right to buy.

One question investors may want to ask is: why pick a specialist Latin American trust rather than a general emerging markets trust?

The general rule is that the more diversified a fund, the less risky it should be: the performance of a fund with investments in 20 countries will be hit less hard if one market crashes than a fund which concentrates on this market alone. So, a regional fund carries a heavier risk than a global fund which can invest in Latin America when the time looks right but can shift money around the world if needs be.

People more averse to risk may find a small investment in a general emerging markets fund is exciting enough for their tastes. But if all your risky money is in the Far East, you might want to shift a bit to the other side of the Pacific. And, for gambling types with a little money to spare, now could be the time to catch the Latin American wave.

■ *Edinburgh Fund Managers: Inca trust. Offer opens March 11, closes March 25. Minimum investment £1,000. One warrant for every five shares.*

■ *Morgan Grenfell: Latin American Companies trust. Offer opens March 9, closes March 23. Minimum application £2,000. One warrant attached to five shares.*

■ *Templeton: Latin America investment trust. Offer dates not fixed but likely to open March 31, close April 22. Full details are not yet available. An offer of new shares in the general Templeton Emerging Markets trust also is imminent.*

Bethan Hutton

Ready for any battle

*R.E. Gee: sixth in a series by **Joanna Slaughter** on fee-based advisers*

Any independent financial adviser who has served on Fimbra, the industry's regulator, is likely to be battle-hardened. The experience could stand Ron Gee in good stead.

Gee, who was deputy chairman of Fimbra from 1987-1990, is the founder of R.E. Gee, a Shrewsbury-based firm of advisers established in 1972. Five staff – including daughter Philippa, who joined four years ago – look after 1,800 personal clients.

Gee has just made a radical change in commercial strategy: he decided, after more than 20 years as a conventional, commission-paid financial adviser, to charge fees only. Reaction from clients has, so far, been very favourable but he does expect to lose a few. "There will be some for whom fees are not appropriate," he concedes.

The firm is not a total stranger to fees: it has been arranging one-off, fee-based deals since the mid-1970s and has also operated some pilot exercises with fees in recent years. These were charged on a time basis, though, and Gee has decided against doing this again. Instead, he has opted for a scale of fixed monthly retainer fees for clients whose affairs are being monitored constantly.

Clearly, such fees depend on the complexity of a client's affairs but minimum charges range from £25-£85, depending on what percentage of initial commissions the client wishes the firm to retain. Gee decided to offer this particular arrangement to existing clients because, as he puts it: "Fee-based advice is still relatively new in this area at least, and we are trying to make the tablet a little easier to swallow."

The firm also provides financial advice on a one-off basis – for example, a client might want a pension transfer analysis or advice on residential or commercial mortgages – and minimum fees here range from £125-£500. No execution-only work is undertaken.

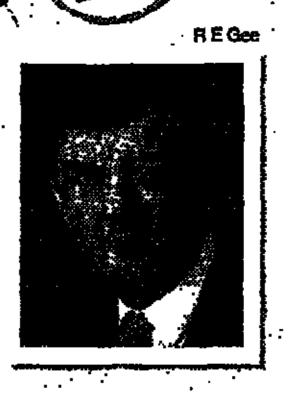
Clients are drawn mostly from the West Midlands area, and 90 per cent contact the firm because of recommendations from existing customers or other professional advisers; indeed, prospective clients often are asked if they want to bring their accountant or solicitor to the initial meeting.

"Many new clients have existing investment plans, and our first step is to review them," Gee says. "You would be surprised what this turns up."

Among recent horrors were "life policies worth more than £1m supposedly written under trust but with no trust registered. And a client who had been sold a personal pension life policy with a major company, even though he was a member of his company scheme."

The Independents

R E Gee



Name of financial adviser:	R E Gee & Co
Address of head office:	Forester's Hall, 1a Wyle Cop, Shrewsbury, Shropshire SY1 1 UT
Date firm was established:	1972
Regulator:	Fimbra
Funds under management:	£30m (monitored)
Number of clients:	1,800
Number of offices:	1
Minimum investment accepted:	None
Services offered:	Corporate and personal financial planning and investment management
Fees:	Minimum monthly retainer £25 to £85

Gee adds: "We like to look at all a client's affairs. We ask if they have made a will, what National Savings they have, what sort of a person they are. We are not just investment managers. We are financial planners across the board."

There is no hard and fast rule about acceptable minimum investment and income levels, but Gee reckons: "You are probably talking about £40,000 at least for pure investment. On income, £20,000-£25,000 a year would be the bottom end of the scale."

No one at the firm handles client money. "We stress peace of mind and there is no discretionary management," says Gee, "but we have about £30m under our stewardship."

This stewardship includes liaising with stockbrokers (for those with equity investments), asset allocation, and safeguarding clients from what the firm considers to be inappropriate investments. Gee says: "We do not, for example, use single premium bonds apart from certain very specialised circumstances, and we haven't done so for several years. Very often, these bonds are just sold because of commissions."

The firm belongs to the Society of Pension Consultants and does a lot of work on planning and re-structuring pension schemes. "Not too many people in the provinces do that kind of thing," says Gee, "but, again, it is a matter of structural rather than investment management."

Gee probably is placed as well as anyone to discuss the development of the IFA market, thanks to his stint on Fimbra. He concedes that this position often was uncomfortable but believes Fimbra's accomplishments have been considerable.

"What it did was take a totally unregulated sector of 15,000 firms and whip it into something that had a fair degree of organisation," he says. "I would say the quality of independent advice is far better than it used to be. Certainly, it is totally different from what it was in 1972."

Gee argues that a further reduction in the number of IFAs is inevitable, however. "I don't think the one and two-man business will survive. One of the basic problems is that many IFAs are not businessmen, and I think IFAs will have to go down the fee route to move forward. I think clients are going to demand it."

FINANCE AND THE FAMILY

Fixed rates edge up

Interest rates on most fixed-rate mortgages are edging upwards, *writes Scheherazade Daneshkhu.* The largest increase in the new fixed rates from Abbey National is 0.4 of a percentage point.

The first-time buyer fixed rate of 6.99 per cent (7.3 APR) until January 31 1997 replaces a three-year, 6.69 per cent fix. The one-year, 5.25 per cent (5.4 APR) and two-year, 6.25 per cent (6.5 APR) fixes are unchanged. Booking fee is £90 and early redemption penalties are 30-90 days' interest.

Other customers are being offered 7.14 per cent (7.5 APR) to the end of January 1997; 7.59 per cent (8.0 APR) until January 31 1998; and 8.6 per cent (9.1 APR) until March 31 2003. The 6.39 per cent (6.7 APR) fix until April 30 1996 is being continued.

Booking fee is £250 for the two shorter-term mortgages and £300 for the others. Early redemption penalties are 60-300 days' interest. The mortgages are not tied to insurance products.

Barclays bank is offering first-time buyers 6.45 per cent (6.7 APR) fixed until January 31 1997; the bank's life insurance policy is mandatory if the mortgage is endowment or pension. Booking fee is £200 and the early redemption penalty is four months' interest.

Fixed rates for other borrowers are 6.75 per cent (7.0 APR) until January 31 1997; 7.45 per cent (7.8 APR) to the end of January 1999; and 8.25 per cent (8.7 APR) until January 31 2004. Booking fee is £300 for the 10-year fix and £200 for the other two.

There is an additional £100 arrangement fee on all three fixes, which is waived if you take out an endowment/pension or life insurance policy through the bank. Early redemption penalties are between 4-7 months' interest.

Woolwich has launched a five-year fixed rate of 7.65 per cent (8.0 APR). The application fee is £295. The society has dropped the rate on its 7.25 per cent, three-year fix, introduced on February 25, to 7.10 per cent (7.4 APR). Application fee is £250. Insurance is not compulsory and the mortgages are repayment, endowment, pension or Pep. Early redemption costs 3-6 months' interest.

TSB has a 10-year, 7.99 per cent fixed (8.5 APR) up to 75 per cent of the value of the property. Arrangement fee is £295 and the mortgage is tied to the bank's buildings and contents insurance.

Broker John Charcol's 6.99 per cent, five-year fix is available until the end of March. For a £250 fee, costs for re-mortgage customers will be covered, but borrowers must have a 25 per cent deposit.

Directors' transactions

The markets may be having a shake-down but directors have begun to deal again.

□ Goode Durrant, the transport group, cropped up over the past month when directors started to buy. The shares have held their value despite the ups and downs of the market; nevertheless, chairman D.K. Kingsbury has bought now at these higher levels.

□ Siebe, in the engineering sector, has done well over the past three years. Directors have been buying since the beginning of 1993 when the managing director acquired stock at 490p. The most recent purchase was made at 608p.

□ The sale in Syltone was made following a period of out-performance of the stock. J.A. Clegg, the chairman, sold 600,000 shares at 175p but retains more than 1.8m.

□ Deep discount selling is seen as the future face of food retailing and Shoprite has been at the forefront of the new style. The share price has done well recently and C.A. Good, a non-executive director, has sold some stock while retaining a sizeable holding.

Colin Rogers
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Alumasc	BM&M	5,000	16	1
BMSS	BM&M	50,000	91	1
Bradstock	Insu	100,000	148	1
Cntrl Indep TV	Mdia	146,540	4,352	6*
Coda Group	n/a	55,000	145	1
Eve Group	BCon	4,832	22	1
Farnell Electronics	Dist	2,400	15	1
Fortune Oil	OilE	1,000,000	70	1
Grainger Trust	Prop	12,000	38	1
Jacques Vert	Text	1,000,000	1,900	2
Kleinwort Benson	MBnk	133,827	794	2*
Leslie Wise	Text	350,000	291	1
Lon&Clydeside Hldgs	BCon	90,000	131	2
London Industrial	Prop	2,808	10	1
Owners Abroad Gp	L&H	830,840	1,486	1 #
Rank Organisation	L&H	155,717	1,674	2*
Royal Bank of Scot	Bnks	3,500	18	1
Sears	RetG	35,600	43	1
Shoprite Group	RetF	75,000	173	1
Smith New Court	OthF	12,000	56	1
Syltone	EngV	600,000	1,050	1
Tadpole Technology	EE&E	250,000	700	1
Telegraph	Mdia	13,333	78	1
Warburg SG	MBnk	25,000	231	1
PURCHASES				
Alliance Resources	OilE	300,000	20	3
Brit Borneo Petrolm	OilE	4,500	10	1
Conrad	Text	200,000	13	3
Goode Durrant	Tran	50,000	92	1
Hopkinsons	Eng	55,265	31	3
Photo-Me-Intl	OS&B	3,500	11	1
Siebe	Eng	20,000	122	1
Smithkline Beecham	Phrm	1,000	$31	1 ‡
Windsor	Insu	130,000	30	4

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. #incl CCRP; ‡ A ADRs. Information released by the Stock Exchange 21-25 February 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

Age trap

Age has an important bearing on your income and tax. The most well known of these effects is the age allowance. For people between 65-74, this is an addition of £755 (93/94 figures) to the £3,445 personal allowance (which everybody gets against any tax liability), and brings it up to £4,200.

The personal allowance for *single people* aged 75 or over is higher at £4,370, and married couples get an extra £2,465 (65-74) or £2,505 (75 or over).

But what the Inland Revenue gives in one hand, it tends to take back with the other. An income limit for the age allowance starts operating at £14,200.

When that figure is reached, every £2 of taxable income thereafter reduces the age allowance by £1 until it gets down to the basic personal allowance to which everybody, from birth upwards, is entitled.

For purposes of calculating the age allowance, all income is grossed up. And it is on this gross amount that your tax liability (after allowances) is assessed. Adding up your total income – on much of which you have paid tax at source – can, therefore, give you a false idea of your tax liability.

Few payments are tax-free, even when received gross. It is easy to fall into the age allowance trap, therefore, as the following example shows.

John and his wife Ann, both aged 66, have annual incomes of £15,000 and £10,000 respectively. She gets the £4,200 allowance but John's income exceeds the age limit of £14,200 by £800.

Thus, he loses £400 (£800/2) from his £4,200 allowance, and it goes down to £3,800.

His taxable income is, therefore, £15,000 less allowances of £6,265 – made up of £3,800 (personal) plus £2,465 (married).

Assuming he has no other offsetting allowances, John must pay tax on £15,000 less £6,265: that is, £8,730, instead of tax on £8,330.

Jennie Hawthorne

FINANCE AND THE FAMILY

The challenge that paid off

Debbie Harrison on Rothschild Asset Management

FACT FILE 5

Name: Rothschild Asset Management
Status: Investment management company
Founded: 1803
Market position: Only entered individual pensions market in 1988 but active in institutional pension funds market since 1980s
Financial strength: No Standard & Poor's rating on company but AAA (superior) rating on money funds
Funds under management: £10bn (at 31/12/94)
Premium income 1993: £6.5m (regular annual personal pension contributions)
Number of personal pension plan clients: 7,500
Number of transfer plans sold: 1,600
Sales outlets: Mainly through independent financial advisers; small amount of business direct from the public as a result of advertising or recommendation
Commission paid: 4 per cent on all contributions throughout the lifetime of the plan. Transfers of £15,000 and above, 5 per cent commission.
Nil commission terms available? Yes. All or part of commission can be reinvested in the plan in the form of a discount against the unit price
Recurring single premium contracts? Yes. All contracts based on RSP, ie no contractual liability to make regular payments
Expense ratio: Not applicable
Reduction in yield (equivalent annual percent charge over the life of the contract): 1.3 per cent on a 25 year regular premium personal pension (industry average 1.6 per cent)
Penalties on early retirement or termination: None
Performance*: Personal pension funds launched 1988. Until recently performance excellent but managed and UK major companies funds dropped in 1992 to below average and to bottom 25 per cent in 1993. UK smaller companies fund good. European and North America funds volatile but good for 1993. Japan also volatile – top 25 per cent 1991 and 1992 but down to bottom 25 per cent in 1993.
*Source: FT Personal Pensions 1994 handbook and Pensions Management

Charges: At present life office illustrations of what your investment may produce use a standard basis for charges set by Lautro (the Life Assurance and Unit Trust Regulatory Organisation). To reveal the impact of real charges on the final fund of Rothschild Asset Management's managed unit-trust plan, we asked for illustrations using actual charges for a man age 45 who expects to retire at age 65 (ie, a 20 year contract), paying (a) £200 per month and (b) a stand alone single premium of £10,000. Illustrations using Lautro standard charges, which in fact are much lower than charges used by most providers, are shown in brackets. The last illustration gives a theoretical value if no charges were made. The growth assumptions are Lautro's standard 6 per cent and 12 per cent.

Nathan Mayer Rothschild, founder of N M Rothschild & Sons Ltd

Full commission paid

	6% gth	12% gth
Monthly premium £200	£77,417 (£80,900)	£154,965 (£158,600)
Single premium £10,000	£25,206 (£28,200)	£76,592 (£85,290)

Nil commission

Monthly premium £200	£80,877 (£80,980)	£161,490 (£158,000)
Single premium £10,000	£26,288 (£28,200)	£79,817 (£85,200)

Theoretical nil charges

Monthly premium £200	£91,129	£183,971
Single premium £10,000	£32,071	£96,463

The charges on Rothschild's plan over the full 25 year period are about average for the industry. However, unlike most life office plans, there is no heavy weighting of charges in the early years of the plan and so there are no penalties on decreasing or stopping premiums, early transfer or retirement.

Rothschild Asset Management is the main investment management company within the Rothschild Group, one of the world's leading independent merchant banking and asset management organisations. Although the company has not been rated by Standard & Poor's, several of its funds have achieved S&P's top AAA award.

As a unit trust personal pension provider, Rothschild is one of the most successful financial institutions to challenge the virtual monopoly held by the life assurance offices in this multi-million pound market. Its combination of clear charges, flexibility and good performance pushed the Rothschild managed personal pension plan rapidly to the top of the league tables.

Apart from Rothschild, the only other unit trust personal pension provider now is Gartmore, while Murray Johnstone offers company unit trust pensions. Fidelity, which withdrew from the individual personal pensions market recently, is to enter the company market soon.

To the consumer, there might seem little to choose between a unit trust personal pension and a life office unit-linked plan since, in both cases, premiums buy units in a chosen fund and the price of these units goes up and down depending on the performance of the underlying assets.

The charging structure of the two products is quite different, though. As a unit trust group, Rothschild can pay only single premium commission of 4-5 per cent to advisers selling its products. This is financed out of the bid/offer spread, which is levied on all contributions throughout the term. On top of this, there is an annual management fee of 1 per cent.

Unit-linked plans also have these charges. But there are extra "initial" or "capital" unit charges in the early years which are used to pay the adviser the commission that would be earned over the entire term of the plan. On top of these extra deductions, there are policy fees and administration charges.

The point to note about unit trust personal pensions is that the charges are explicit and there are no penalties if the contract stops early. This does not necessarily mean they are cheaper than unit-linked plans over the long term but unit trust pensions do offer genuine portability without penalty.

The Rothschild managed personal pension fund, which invests in a portfolio of equities, bonds, gilts and deposits, came 11th out of 83 managed funds in the latest *Money Management* survey*. Looking at results on a year-by-year basis, however, the performance is rather volatile. The fund was a top performer between 1988 and 1992, then took a dive. By 1993, it had slipped into the bottom 25 per cent of funds. The UK major companies equity fund had a similar downturn.

INSURANCE *for* LIFE

According to marketing director Peter Rees, the investment philosophy of the personal plans mirrors that of the institutional pension funds. "This leads us to invest predominantly in high-quality equities which, over the long term, should provide a consistent, above-average return while the fund benefits from the enhanced marketability and security afforded by this significant bias in favour of blue chip stocks," he says.

"A side effect, however, has been that the fund did not participate in the strong gains shown by second-line stocks (smaller companies) over the past 12 months and so has tended to underperform in the short term. Nevertheless, we remain convinced that the basic strategy is correct."

The group offers a range of funds investing in American, European and Japanese markets. But, for investors approaching retirement, it suggests using the managed, gilt and deposit funds to consolidate gains. A phased switching to these funds over the seven years leading up to retirement can be arranged. But the gilt fund, which achieved a top quartile (top 25 per cent) position in 1989, has performed below average ever since, while the deposit fund has performed consistently below average since its launch in 1988.

Although small in numerical terms, the 1,600 Rothschild transfer plans account for more than 20 per cent of its total personal pension business. Rees points out that most of the transfers came through independent advisers who were responsible for assessing each case. He adds: "We now issue warning letters to all customers who come to us directly and who are considering transferring their pension. These letters outline the main points to consider in a transfer and recommend that clients seek full advice from their employer and/or an independent adviser."

**Personal pensions survey by Money Management, FT Business Enterprises Ltd, Greystoke Place, Fetter Lane, London EC4A 1ND.*

LATEST ANNUITY RATES

COMPULSORY PURCHASE LEVEL ANNUITY

Male age 55	Annuity	Female age 50	Annuity
RNPFN	£8,843.28	Royal Life	£7,826.21
Royal Life	£8,800.90	RNPFN	£7,625.40
Generali	£8,727.04	Prudential	£7,507.68
Male 60	**Annuity**	**Female 60**	**Annuity**
RNPFN	£9,858.96	RNPFN	£8,877.84
Royal Life	£9,676.69	Royal Life	£8,872.07
Generali	£9,614.40	Generali	£8,487.43
Male age 70	**Annuity**	**Female age 70**	**Annuity**
RNPFN	£13,392.24	RNPFN	£11,461.32
Royal Life	£12,836.85	Royal Life	£11,170.72
Canada Life	£12,572.28	Canada Life	£10,742.76
Joint Life – 100% spouse's benefit			
Male 60/Female 57	**Annuity**	**Female 63/Male 65**	**Annuity**
Royal Life	£7,982.88	Royal Life	£8,632.68
RNPFN	£7,763.40	RNPFN	£8,536.08
Prudential	£7,648.56	Prudential	£8,240.88

All payments are monthly in advance. Figures assume a purchase price of £100,000 and are shown gross. Rates as at March 2. RNPFN annuities are available only to those in the nursing and allied professions. Figures supplied by The Annuity Bureau Limited, Enterprise House, 59-65 Upper Ground, London SE1 9PQ. Tel: 071-620-4090.

Annuity rates

With gilt yields on a continued upwards move, at least half a dozen companies have increased their annuity rates since last month. Some, such as Norwich Union, have also reduced their rates and have disappeared from the table along with Equitable Life.

Unfortunately, the Inland Revenue has provisionally stopped the launch of Provident Life's flexible annuity. There should, however, be interesting annuity products available in the second half of the year.

Peter Quinton
The Annuity Bureau

All you ever wanted to . . .

*This is the first in a series by **Richard Chant** and **Alan Sugden** on all aspects of capital gains tax. The four articles are intended to help private investors in stock market securities work out their cumulative capital gains during each tax year, and to describe the steps needed to minimise CGT liability.*

These articles are written specifically for the serious stock market investor although capital gains on other assets, such as second homes, may also trigger CGT liabilities. Today, we set out the basic rules, including chargeable gains and allowable losses.

CGT is charged on your capital gain when disposing of an asset, and capital losses can be set off against capital gains.

They are known as *chargeable gains* and allowable losses and are the difference between the *net* proceeds from disposal (or open market value if the asset is given away) and the attributable gross cost of the asset when it was bought (or the open market value if acquired otherwise).

The *actual* gross cost (or the value at March 31 1982) is *indexed to allow for the* increase in the retail price index (RPI) – that is, inflation while you have held the asset – to give the *attributable* indexed cost, but only by the amount of inflation since March 31 1982.

A warning, though: Any calculations you make after reading this article will need to be *adjusted next week to take* account of indexation.

■ Calculation of chargeable gains

CGT payable on disposals in any tax year (April 6 to the following April 5) is calculated in steps:

1. Work out the gain or loss on each asset disposed of during the year. Where the asset is a security that has been bought and sold in the market, use *gross* cost (cost plus expenses) and *net* proceeds *(gross proceeds less expenses).*

Note that the date of the contract is the date of purchase or sale, *not* the settlement date.

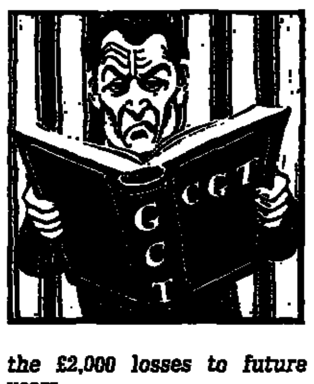
2. Subtract total allowable losses from total chargeable gains. This will produce either a net allowable loss, which ends the calculation – such a loss can be carried forward indefinitely to offset future net chargeable gains; or a net chargeable gain.

3. Each person has an annual exemption, including children. Deduct the annual exemption (£5,800 in 1992/93 and 1993/94) from the net chargeable gain.

If this produces a negative figure or zero, there is no CGT to pay. If the figure is still positive *then:*

4. Deduct capital losses brought forward (see below). This will produce either a negative figure, which is the amount of losses that can be carried forward to future years (there is no CGT to pay), or a *positive figure,* which is the amount of chargeable gain on which CGT will be assessed.

The calculation must be done in the sequence shown. If, for instance, you make a total of £5,000 chargeable gains and £2,000 of allowable losses, you are *not* allowed to set the £5,000 off against your annual exemption and carry forward *the £2,000 losses to future* years.



Net gains would be £3,000, less than the annual exemption, so there would be no CGT charge and no losses to carry forward.

Note that none of this includes the process of indexation, and that no unused annual exemption can be carried forward. The list of investments exempt from CGT is shown below.

■ Calculating CGT payable

The tax liability on net chargeable gains (less the annual exemption) is normally calculated by adding them to taxable income in the tax year *and working out the additional* tax due (see box 1).

Table 1: CALCULATING CGT PAYABLE

In 1993/94 a wife who stays at home to look after her children estimates that her total income, including tax rebates on her dividend income, will be £2,800. In 1993/94 the personal allowance is £3,445.

Her husband pays tax at the marginal rate of 40 per cent; he claims and automatically receives the benefit of the married couple's allowance of £1,720, as they have not elected to do otherwise (see footnote).

Her net capital gains so far this year after indexation (which will be explained next week) are £34,200 – an aunt left her some money and she put £17,500 into British Airways shares at the time of the Gulf War, taking her profit last month. She has no carried forward losses.

How much CGT will she have to pay, assuming she makes no further disposals?

The calculation:

Capital gain	£34,200
Annual exemption	(5,800)
Taxable gain	28,400

Unused personal allowances can't be used to offset against capital gains, so she starts at the bottom of the lowest tax band:

Tax band £	Tax rate %	Tax payable £
0 - 2,500	20	500
2,501 - 23,700	25	5,300
23,701 - 28,400	40	1,880
CGT payable in 1993/94		7,680

Note: Allocation of Married Couple's Allowance. The wife can ask to receive half the allowance, or they can jointly ask for the wife to receive it all. If neither of these requests are made, the husband can claim and automatically receive all the allowance, which, in this case, is clearly to their advantage.

■ Investments that are exempt from CGT

Gains (and losses) on the following investments are excluded from CGT assessments:

☐ Saye (save as you earn) contracts, but not the shares acquired if linked to a share option scheme, as is often the case.

☐ Premium Bond winnings.

☐ Government stock (gilts).

☐ Personal equity plans.

☐ Bonuses from tax-exempt *special savings accounts* (Tessas).

☐ Qualifying corporate bonds (QCBs). These are any debentures, loan stock or bonds where the debt attaching to them is a normal commercial loan in sterling and cannot be converted to any other currency.

The rules are not straightforward, though. Gains on QCBs acquired on or before March 13 *1984 are subject to CGT.*

Losses on disposal of QCBs held on or issued after March 15 1989 are allowable for CGT, but the original cost cannot be *indexed to calculate losses.*

■ Offsetting trading losses against capital gains

Since 1991/92, you have been allowed to set trading losses not covered by all other income against chargeable gains in either the same or the following tax year.

If, for example, you are self-employed and making losses over and above all your other income, the excess losses in any tax year can be set off against chargeable gains in that year and/or the following year.

■ *Carrying losses forward*

If capital losses are more than capital gains made in the same year, the excess losses in that year can be carried forward indefinitely and offset against gains in later years. For an example of how this works, see box 2.

■ Negligible value

The Inland Revenue keeps a list of securities which it deems to be of negligible value. But the investor does *not* have to wait until the security appears on that list before claiming for an allowable loss: he can do that as soon as he considers that a holding in his portfolio is worthless.

When he does, and the security is not on the Revenue's list, it will investigate.

If satisfied that the security is worthless, the Revenue will allow the claim and add the security to its list. This allows later claims from other holders to be agreed without further investigation.

Each quarter, the Revenue sends out lists of "deemed" securities to its local offices, various tax journals and specialist tax services (although not the press in general) which then pass on this information to their subscribers.

Twice a year, Extel Financial publishes a slim A4 size book called CGT Capital Losses. It contains the Revenue's quarterly information plus a list of companies that have gone into receivership but have not yet had their shares deemed of negligible value.

The annual subscription is £53 (Extel Financial, tel: 071-251-3333).

If you want to know if a security is on the Revenue's list, but do not want to subscribe to a specialist service, ask your local inspector of taxes (who will have the latest

■ Continued page IX

FINANCE AND THE FAMILY

. . . know about CGT

■ From page VIII

quarterly list), or your accountant or stockbroker (most of whom take a specialist service).

In the past, some investors have been slow to make claims on securities of negligible value. There are two possible reasons:

1. They may think, mistakenly, that a security has to appear on the Revenue's list before they can claim; this, as we have described, is not so.

In fact, if no shareholders ever claimed until a security appeared on the list, it would never contain any securities: definitely a chicken and egg situation.

2. They may have wanted to allow the indexed cost of the security to continue growing with the RPI until they needed to claim the loss to offset against gains.

This was quite a crafty move, but indexing holdings of negligible value was ruled out by January 1994's Finance Bill for negligible-value claims made after November 29 1993 (Budget day). In our view, this is a bit tough.

Table 2: CARRYING LOSSES FORWARD (£)

(a) Tax year	(b) Capital gains*	(c) Capital losses*	(d) Net gains	(e) Net losses	(f) Annual exemption	(g) Losses b/f	(h) Losses offset	(i) Losses c/f	(j) CGT payable on gain of
88/89	9,240	2,000	7,240	-	5,000	-	-	-	2,240
89/90	5,276	6,476	-	1,200	5,000**	-	-	1,200	-
90/91	8,600	3,600	5,000	-	5,000	1,200	-	1,200	-
91/92	7,240	15,100	-	7,860	5,500**	1,200	-	9,060	-
92/93	10,750	2,245	8,505	-	5,800	9,060	2,705	6,355	-
93/94	15,020	-	15,020	-	5,800	6,355	6,355	-	2,865

*After indexation, which will be explained next week. **Annual exemption unused (can't be carried forward).
Capital gains on which CGT is charged: (j) = (b) - (c) - (f) - (h). Capital losses carried forward: (i) = (c) - (b) + (g) - (h)

■ **No CGT on death**
When a person dies there is no charge on the net unrealised gains in their portfolio although their estate is, of course, subject to inheritance tax.

■ **Valuing a dead person's estate**
Securities in the estate are valued using the open-market value of each on the date of death or, if that was not a working day, on the last day for which the price was published before death.

The open-market value of a security listed on the London stock exchange, including the USM, is the *lower* of:

1. The bid price of the security plus one-quarter of the spread (the difference between the bid price and the offer price). This is known colloquially as "quarter up."

2. The figure halfway between the highest and the lowest prices of bargains recorded that day in the stock exchange's Daily Official List.

For foreign securities listed on a recognised stock exchange, the basis for calculating the value of a disposal is very similar to that for a UK listed security; the value is converted into sterling at the rate of exchange at the date of death.

■ **Selling assets from an estate**
If securities are sold from an estate within 12 months of death, the executors can elect that, for the purpose of IHT, the proceeds of the sale can be *substituted for the open market value at the date of death.* But the election has to be for *all* disposals during *that* 12 months.

This can be a very important concession if money has to be raised by the executors and the market is falling.

■ **Filling in your tax return**
If your chargeable gains do not exceed the exempt amount for the year (£5,800 in 1993/94), *and* the aggregate value of (or the net consideration received for) the assets disposed of does not exceed twice the exempt amount for the year (£11,600 in 1993/94), there is no need to provide details of your capital gains and losses in the year (which include gains and losses on assets other than stock market securities). You just tick the box provided.

If either of these figures is exceeded, you must give details of each chargeable asset disposed of, and the amount of chargeable gain. You might also, if you wish, provide your tax inspector with your computations. The new version of the annual tax return, form 11P, introduced in 1992/93, gives a useful pro forma for doing each computation.

Table 3: SHARES OF NEGLIGIBLE VALUE (since 1990)

Alpha Estates	England (J) Group	Pavion International
Arley Holdings	Equity & General	Pennant Properties
Associated-Henriques	Erostin Group	Plastiseal
Astra Holdings	Ferrari Holdings	Polly Peck International
AT Trust	FKB Group	Principal Hotels Group
Audit & General	FOBEL International	Ramar Textiles
Authority Investments	Ford Sellar Morris Properties	Reliant Group
Babcock Preson	Grovewood Securities	Renaissance Holdings
Barbican Holdings	Guidehouse Group	RKF Group
British Commonwealth	Hanover Druce	Rockfort Group
Broadwell Land	Hardanger Properties	Rockwood Holdings
Burad Holdings International	Hartley Baird	Rush & Tomkins Group
Centreway Trust	Headland Group	Sempernova
CH Industrials	Honorbilt Group	Sheraton Securities International
Circaprint Holdings	Hughes Food Group	Sock Shop International
Citygrove	Keatway International	Stormgard
City & Westminster Group	London United Investments	Summer International
Clarke Hooper	Lowndes Queensway	Tern
Coloroll Group	Maxwell Communication Corporation	Tranwood
Company of Designers	Mountleigh Group	Turriff Corporation
Conder Group	Mowat Group	Video Store Group
Corton Beach	Noble Raredon	Ward Group
Davies & Newman Holdings	Norfolk House Group	Warringtons
Doctus	Parkfield Group	Westerly
Egerton Trust	Pavilion Leisure	Willaire Group
		Yellowhammer

■ ***Date of payment of CGT***
Your return should be sent to your tax office by October 31 following the end of each tax year. CGT should then be paid by December 1 (or, if later, by 30 days after the issue of the assessment).

In coming weeks . . .

The publication schedule for the rest of this series on capital gains tax is:

Saturday March 12: Indexation. Use of factors or the retail price index to calculate indexed gains and losses. Share pooling post-March 1982. Payment for shares by instalment. Tables of indexation factors and RPI. Worked examples.

Saturday March 19: Share pooling pre-April 1982. Election for treatment. Matching disposals with shares acquired. Capital changes: Scrip and rights issues; takeovers; demergers; scrip and enhanced scrip dividends. Worked examples.

Saturday March 26: Minimising your tax liability. Bed and breakfast. Transfers between husband and wife. Taking advantage of separate annual CGT exemptions and partner's lower marginal tax rate. Buying shares for your children.

Richard Chant is a tax partner at Bristol chartered accountant Solomon Hare. Alan Sugden is the co-author of Interpreting Company Reports & Accounts (Woodhead-Faulkner, 4th (revised) edition, p/b £19.95).

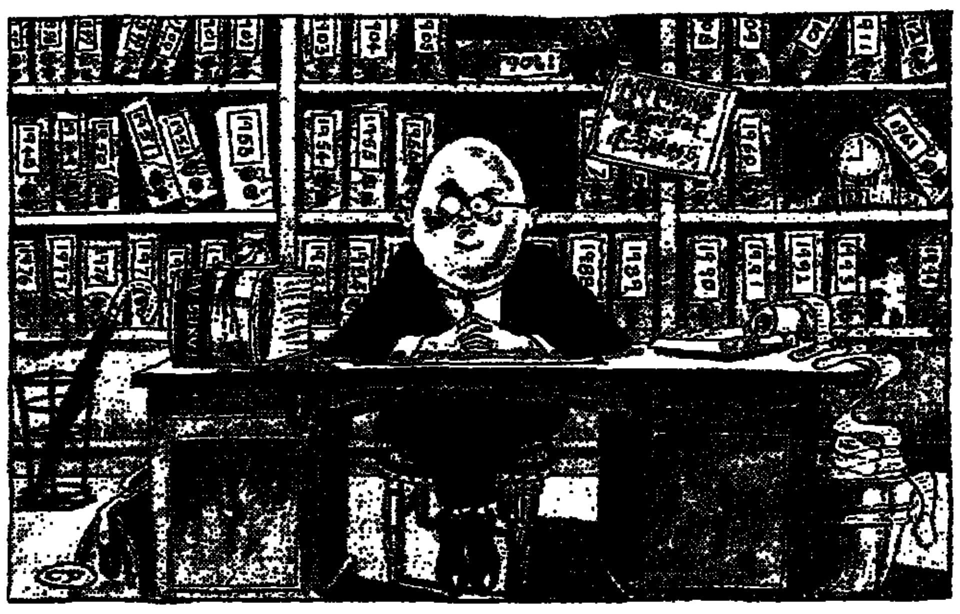
Answers to the most popular general questions arising from this series will be published after the final article. Please mark your envelope "CGT Series Question." But we cannot provide detailed advice about personal CGT returns.

■ Next week: Indexation

FINANCE AND THE FAMILY

Many happy returns . . .

Know your enemy: a user's guide to what makes the tax man's nose twitch



Q. Is he an ogre?

Quite the reverse. Like a dentist, the tax man is very aware of an image problem and is keen to inflict as little pain as possible.

Q. What's he like, then?

Well, he's actually a very decent man. Honesty, common sense and fairness – these are his watchwords. No one enters the Revenue burning with ambition or craving wealth. He strives to apply the law consistently and even-handedly. Things irresponsible or unprofessional appal him.

Q. So, is he desperately dull?

Who wants a flamboyant tax inspector? Bear in mind he has to have a working knowledge of the Taxes Act (some 5,000 pages of it) and case law dating back to 1875. These are not tomes which provoke excitement or laughter.

Q. Why on earth would anyone join the Inland Revenue in the first place?

Because it's there. Besides, the advertisement for graduate recruits used to say "No particular discipline preferred," so every history graduate for miles around applied.

Q. Is he a social pariah?

He doesn't yell about his job from the rooftops. On the other hand, people chatting to a tax man over the Twiglets often find themselves wondering if something-or-other is allowable against tax, the way a doctor is asked for advice out of surgery hours. As such, it's almost a social asset.

Bear in mind, too, that the tax inspector is a left-leaning, fair-minded *Guardian* or *Independent* reader who buys his clothes from Marks and Spencer and has far more in common with Alan Bennett than Alan Sugar. This is not the stuff of social leprosy.

Q. How helpful is he?

Very. If you're a Paye employee, your tax district is determined by your employer and is likely to be processed by a large office in the provinces. If you're self-employed, your tax man is usually local. Either way, there's an individual – a living, breathing human being who spills coffee and burns toast – directly responsible for dealing with your affairs.

You can find out who he is without getting embroiled in some Kafka-esque nightmare, and you can actually talk to him. You'll be amazed how pleasant he is. But, as in all big organisations, things can go dreadfully wrong – there have been a number of recorded instances where people have visited their local tax office and been offered a leaflet.

Q. What are the advantages of a career in the Inland Revenue?

Job security. As one tax inspector put it: "One cannot readily foresee the end of Inland Revenue." It is big enough to ensure that merit is rewarded, so dog isn't obliged to eat dog. Colleagues are helpful, confrontation is a known quantity, and few inspectors suffer from stress.

Q. And disadvantages?

After years of service, you run the risk of going round the bend in a quiet and subtle kind of way. Nothing is what it seems. Nothing can be taken for granted. Nothing has a straightforward explanation.

Your inspector is really a caring, sensitive human being, says ***David Chater***

The tax man doesn't glance at things, he peers at them inquisitively. Cynicism comes by the lorry load. He becomes the ultimate lateral thinker, which is useful for dealing with obdurate teenagers but not much else.

Q. How effective is he?

Frighteningly so. In 1992/3, the Revenue raised £4.6bn pounds from "action taken against non-compliance." That is the equivalent to the yield from 3p on the basic rate of income tax. In the same year, it collected £982m of capital gains tax at a cost of just £38.4m in administrative fees.

Q. What does he aspire to?

Tax men aren't driven by desperate longings; otherwise, they wouldn't have entered the Revenue in the first place. When the tax man dreams, he dreams of early retirement. Of converting his garage into a wood-working shop and producing reproduction antique furniture.

Q. Is he ever tempted to join the opposition?

During the 1980s, there was a massive exodus of inspectors throwing down their felt-tip pens and joining accountancy firms or corporate tax departments. The recession stemmed the flood and the Revenue itself has now said: "That's it, chum. If you leave, you can't come back."

But a large number of tax men ease themselves into retirement with some sort of part-time consultancy work.

Q. How does he catch people?

The tax man's nose. This refined and valuable proboscis – an almost mystical organ – starts to twitch frantically when it gets within half a mile of something dodgy on the tax return.

Q. Do the rich deal with a nicer class of tax man?

Yes, but only because wealth is relatively complex and you need more senior (better trained, more intelligent etc) people to deal with it. But it's nothing to do with class war: figures on a tax return are as meaningless as Monopoly money.

Q. What makes the tax man angry?

Nothing. Almost nothing. Like the priest in the confessional, they've heard it all before. But the tax man has a highly cultivated spirit of fair play.

If a large company or a wealthy individual is clearly getting up to artificial shenanagins purely to avoid paying The Right Amount of Tax, well, you're likely to put the taxman's proboscis out of joint.

Q. What turns him on?

Winning a disputed claim, especially if you're at inspector level where the claim tends to be over a million quid. It's the intellectual challenge, the piecing together of the jigsaw.

Q. What makes him miserable?

Routine paperwork and form-filling. A vast number of bureaucrats abhor bureaucracy, yet still manage to lead happy and fulfilled lives in the Revenue.

Q. And how do you make the inspector happy?

By speaking to him. He loves to be spoken to. And should you ever get the urge to jot down a quick note of thanks, his cup would overflow. (See above: "Tax men as toast-burning fellow humans").

Q. What does a tax man do when he's not being a tax man?

He spends much of his time commuting: the Inland Revenue is the backbone of British Rail. But, for a bit of innocent enjoyment on the side, the tax man will often settle down to a detective novel or study military history in the Dark Ages.

Offshore explorations

Sometimes, it is difficult to distinguish between clarifying subject matter and simplifying it. Robert Cooke's *Offshore Investment Simplified* is a case in point, sometimes assuming enormous knowledge from the layman, at other times treating him with kid gloves. It is, in total, an informative and readable look at an industry's attractions and pitfalls. Cooke is a well-qualified financial adviser and is not frightened of imparting heartfelt convictions on disparate sectors and the methods of the professionals working within them.

Where it falls down is in the positioning. Is Cooke advising the knowledgeable and critical reader on how to extend his portfolio to investments in lower tax jurisdictions? Or is he speaking to the beginner who is likely to consider "offshore" a dirty word?

Cooke is capable of alternately exciting and stupefying. For instance, how would the discerning reader respond to his remarks on economic liquidity: "The supply of money is important. Even if you are firmly convinced that a certain company has outstanding prospects and you wish to buy its shares, if you do not have the money to do so, then you are not creating demand for its shares by merely wishing."

Cooke is happy to comment widely, often in anecdotal form. Readers are told of his personal portfolio diversification, his currency hedging techniques, and his ability to sort risk and proof assets from the depredations of inflation.

He enjoys playing the detective, with mixed results. He has, for instance, a sneaking suspicion that "one or two" managers may be using their international managed funds as a "dustbin" for redemptions from other funds to avoid dealing charges.

Later, he comes up with a questionable statement on offshore fund performance, based on simplistic bull and bear market theories: "...instead of it being regarded as a strange phenomenon that such a very high proportion of funds which are top of the ratings in one year end the following year near the bottom, it should rather be expected as a normal occurrence." Both comments may have some credence, but are improperly and thinly argued.

OFFSHORE INVESTMENT SIMPLIFIED
by Robert H.V. Cooke
Robert Hale £14.99

Chapters are also disconnected, with no thematic thread. In chapter four, Cooke tabulates the structural differences between unit and investment trusts.

He then informs us that the table shows "that investment trusts on average have the edge by quite a wide margin over unit trusts when it comes to performance." If this is true, then why does he not furnish statistics to support it?

But where Cooke takes the time to present his theories with evidence, he is a credible sleuth – his thoughts on offshore banking, separate taxation and inflation are original and refreshing. For instance, his personal experience with the punitive charges of an offshore bank lending on an overdraft facility is a real eye-opener.

Cooke would be the first to agree that one moment's good advice is another's financial ruin. He is at pains to explain the importance of timing, and devotes a chapter to it.

No one can blame the writer for chronological problems between writing (early 1993) and publication. But Cooke mistakenly enters into market predictions, which should be left to the newspapers. Entrenched firmly in the trends of a year or two ago, his predictions for some markets, especially the emerging ones, have become redundant. This is hardly edifying for the critical investor and hardly informative for the uninformed.

Adam Courtenay

■ *Adam Courtenay is editor of Offshore Financial Review.*

Warranties under fire

*OFT to start inquiry, reports **Bethan Hutton***

The high street can be a dangerous place for consumers who do not read the small print and ask the right questions. Two forms of insurance sold commonly by high street retailers were criticised by the Office of Fair Trading and the Consumers' Association this week.

The OFT is to investigate the sale of extended warranties – insurance policies sold with electrical goods which cover breakdowns after the appliance's initial guarantee has expired. This follows complaints by a Labour MP, Nigel Griffiths, that shops were hard-selling their own warranties to customers without telling them about much cheaper warranties from *manufacturers*. Some shops' warranties were said to be three times as expensive as the manufacturer's version.

The OFT also will be looking at whether stores make clear what is excluded by the warranties, such as accidental damage and cosmetic faults which do not affect function.

Retailers argue that their policies are often more comprehensive: for example, allowing replacement in some cases while the maker's warranty would cover only repair. This, however, does not explain why consumers are not given all the information and allowed to make a free choice.

Shoppers often are put under pressure from sales staff – who can earn hefty commissions – to take out a warranty at the point of sale but, in fact, you have a month after buying the product during which you can still take out a warranty.

The Consumers' Association says that warranties are poor value in many cases. The increasing reliability of electrical appliances means that many never need repairs and, even when they do, paying for these as and when necessary could work out cheaper.

Another sharp practice under threat is the inertia selling of credit insurance – also known as payment protection insurance – tied to loan or credit card agreements. This is supposed to cover repayments if the borrower becomes unemployed or cannot work through ill-health.

A report this month in the Consumers Association magazine *Which?* attacks credit insurance as over-priced and full of exclusions. It has often been sold by inertia – borrowers have to tick a box or delete a paragraph of small print if they do not want it. Naturally, many fail to spot this. *Which?* says the premiums add an average 65 per cent to the cost of credit.

The OFT asked lenders to end inertia selling by the beginning of this year, but not everyone has complied. Now, the office is threatening to review the credit licence of any lender found still to be using inertia selling after the end of this month.

As the practice is not actually illegal, however, consumers can do little if they discover too late that they have had credit insurance foisted on them. The contract is binding. The only exception is if, on checking the small print, you discover that your situation is excluded: for example, if you are unemployed, retired, or on a short-term contract.

If you come across inertia selling of this type of insurance, contact your local trading standards office or the OFT.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

My landlord wants me out

I have a protected tenancy of a property which is my main residence. The landlord is offering me a substantial sum of money to surrender the tenancy. Would I be liable to income or capital gains tax?

■ The answer probably is no, but you have not given us much to go on. If you are employing a solicitor in the negotiations for the surrender of your tenancy, then he is best placed to advise you on the tax aspects.

Setting losses against gains

My wife and I have a portfolio of shares in unit trusts. Most are in my name but some are in joint names and some in hers.

"Capital gains" losses are of no value to her tax position because the level of gains so far has been minimal. But the sale of some joint holdings this tax year constitute losses on the indexed basis prior to last December, and I would like to maximise use of these against gains made in my name. The securities were purchased before the separate tax arrangements for wives were introduced.

Is it possible for me to use the whole of these losses in my tax return, or shall I be restricted to 50 per cent.

■ In the absence of clear evidence to the contrary (which presumably does not exist in your case), it will be assumed that spouses have equal beneficial interests in investments registered in their joint names. The answer, therefore, is that only half the losses on the joint holdings are yours.

Tenants in common

My wife and I are joint owners of a house worth about £90,000 and share investments worth about £220,000. When the first of us dies, I understand the house will go automatically to the survivor. We have willed most of our share of the investments to the surviving spouse in trust, then to our grown-up children.

In order to reduce the liability of our estate to inheritance tax when the second spouse dies, we are thinking of making ourselves tenants in common of the house and leaving our share of it to a discretionary trust for the benefit of the surviving spouse and our children. Would this work by actually saving IHT?

Also, would it enable the surviving spouse to be sure of being able to either remain in the house or sell it and buy a new one with the proceeds, without the children claiming half as their share?

■ If the house is held as tenants in common, you each have a half share of the property, now worth £45,000. By leaving that share to a discretionary trust for the children, the gift would fall within the nil rate band and be tax-efficient. The result would be that the house would be owned by the trust and your wife.

By mutual agreement the house would be sold; one half of the proceeds would remain in trust, the other half would go to your wife. It is within the discretion of the trustees whether they distribute the cash to your children or your wife (who would also be a discretionary beneficiary of the trust).

It is always possible in theory for the trustee who has an interest in a property to force a sale of that asset, but that would require court action and it is unlikely a court would sanction a sale if your wife were to be made homeless. I suggest you consult a solicitor. He will be able also to draw up the necessary documents should you go ahead with your plan.

Reply by Barry Stillerman of accountant Stoy Hayward.

Allocation of shares

With reference to the allocation of one Zeneca share for each ICI share held: would I, for capital gains purposes, be correct in reducing the capital cost of my ICI shares by half and treating the resulting sum as the cost of the Zeneca allocation?

■ No. The split has to be made on the basis of the market values (on the quarter-up basis) on the first day of dealing in the Zeneca shares, June 1 1993, viz 631¾p for ICI and 625¾p for Zeneca.

The cost of the Zeneca shares is, therefore, 49.76143 per cent of the CGT base cost of the ICI stock. Ask your tax office for the free pamphlet CGT13 (the indexation allowance for quoted shares). Any apportionment factors which you may need also can be obtained from your tax office.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.80%B	Yly
Skipton BS	2 High Street	Local Branch	Instant	£2,000	6.50%	Yly
Chelsea BS	Classic	0800 717515	Postal	£25,000	6.60%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£25,000	7.10%B	Yly
NOTICE A/cs and BONDS						
Britannia BS	Index Linked	0538 391748	90 Day	£1,000	7.00%	Qly
Bradford & Bingley BS	Direct Notice	0345 248248	30 Day P	£25,000	7.10%	Yly
B&W Asset	90 Day	0800 303330	90 Day P	£25,000	7.15%	Yly
Chelsea BS	Base Rate Plus111	0800 272505	1.3.96	£10,000	7.50%C	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.60%B	Mly
Bradford & Bingley BS	Direct Notice	0345 248248	30 Day P	£10,000	6.65%	Mly
B&W Asset	Monthly Income	0800 303330	90 Day P	£25,000	6.93%	Mly
Chelsea BS	BaseRatePlus 111	0800 272505	1.3.96	£10,000	7.25%	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£3,000	7.60%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.55%	Yly
Progressive BS		0232 244926	5 Year	£1	7.50%	Yly
Ipswich BS		0473 211021	5 Year	£100	7.40%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
Chelsea BS	*Classic Postal*	*0800 717515*	Instant	£2,500	6.00%	Yly
				£10,000	6.25%	Yly
				£25,000	6.60%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey	International	0481 715735	Instant	£500	5.75%	Yly
Britannia International	Index Linked	0624 628512	90 Day	£1,000	7.00%	Qly
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.30%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	4.75%	Yly
General Portfolio FN		0279 462839	3 Year	£20,000	5.10%	Yly
General Portfolio FN		0279 462839	4 Year	£50,000	5.70%	Yly
Eurolife FN		071 454 0105	5 Year	£3,000	5.70%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%F	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. B = 10 days loss of interest on all withdrawals. C = Rate guaranteed to be 2.25 per cent above base rate until 1.9.94 (min 7.50 per cent) and then 1 per cent above until maturity.

Source: MONEYFACTS. The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

TRAVEL

The view from the porch

***James Henderson** tours South Carolina and finds the cool balconies are the best place to relax*

The porch has always been central to life in the American south. It is a fine place to take the cool evening air, to watch what goes by on the road (standard entertainment before cable TV and air-conditioning began to take people inside), or to relax after surveying the plantation. And some porches are beautiful features in themselves – an expanse of wooden floorboards with carved balustrades wrapped around entire houses.

In South Carolina the drawl is not as deep as in parts of Georgia or Alabama, but there is plenty of *"y'all"* and girls with sculpted hair and fearsome finger-nails. There is also gracious hospitality and paternalistic gentility.

South Carolina considers itself something of an aristocrat in the south because it was the first state to secede from the Union. I touched down in Columbia, the state capital, which lies about 100 miles inland. It is a quiet town, hot and humid in summer. The centre has a mix of neo-classical monumental buildings, brick-built commercial warehouses and a clutch of sky-scrapers.

It is set out on a leisurely grid; in the 1770s it was thought that malaria (as the name hints) was borne by pockets of stagnant air clinging in narrow streets. More accustomed to close and busy European towns, I found Columbia curiously agoraphobic.

With the buildings so sparse, the grand old town houses were set in magnificent gardens. Many of the houses were burned when General Sherman swept through the country taking revenge after the civil war, but some survive.

There is a nice story about the *First Baptist Church*. Sherman particularly wanted it torched because the ordinance of secession was prepared there. But it was saved by a quick-thinking retainer. When the troops arrived he assured them that they had the wrong building and promptly sent them round the corner to the Methodist Church, which they burned instead.

A very personal view of the civil war was left by Mary Chesnut, the wife of a confederalist general, in her *Diary from Dixie*. She tells of the war, of politics and of the goings-on around her house, particularly of the day when the president of the confederacy, Jefferson Davis, came to visit.

He was spotted by some local men and was persuaded to address the people of Columbia from the front porch of their house. The Chesnut Cottage, a pretty pink clapboard house with a triangular gable, also escaped the revenge torchings and now offers bed-and-breakfast. It has been restored to its condition of October 1864, the date of Jefferson Davis's speech.

There are a few concessions to the 20th century, among them air-conditioning, but what you find in the Chesnut Cottage is typical of many of the guest houses in the area and it is a pleasure to visit. It has high ceilings and wide corridors to encourage a through-flow of air; the polished floors are covered with rugs and the rooms are furnished with antiques. Often you sleep in a Victorian four-poster bed. And there is the personal service of a bed and breakfast establishment, which allows southern hospitality to extend its enveloping welcome.

Columbia seemed to be full of cars, but then driving is part of the American experience. I hired one and headed off at a stately pace on cruise control, hermetically sealed and air-conditioned, with a rumbling stereo that made the rear-view mirror shudder. I scanned radio channels, skipping from the easy-listening love-rock stations to hard rap. The most entertaining, though, was *FM With Love from Jesus*, with details of church meetings, personal messages and songs.

If the town seemed agoraphobic, I soon discovered why. Most of the activity has found its way on to the suburban roadside. The main arteries out of town were a relentless line of strip-malls, muffler-stalls and cheery restaurants, all set in spacious plots and advertised with vast billboards.

Through forests of long-needled pine I finally reached the neat lines of plantations – peach and kiwi-fruit mainly, now that the cotton industry has died in these parts. With the plantations comes the occasional grand house, standing in a grove of trees to keep it shaded. Hammocks and chairs on chains hung on the verandas.

I arrived in the town of Edgefield, discernable by a steadily denser line of houses and businesses among the trees, leading ultimately to a quiet central square and court-house.

I stayed at Carnoosie, a forbidding-looking house completely out of style with the region – covered in Victorian conceits and with a steeply-sloping roof in French style. It was formerly the home of a governor of the state. But it was a welcoming house, with an acreage of wooden floor inside and out. In spite of its ghostly appearance, it is not haunted, or so I was told.

Carnoosie is run by a lady optician who owns two huge black poodles. Betty Jean Wood spent most of her life in New Orleans, but she has *returned to Edgefield for her semi-*retirement. With a little encouragement she told stories of life, jazz and Mardi Gras. When I left she bade me return: "You come back any time and rock on the porch some more," she said.

For such a small town, there are some pretty fancy houses in Edgefield. Some are completely wrapped in two stories of wooden balcony, supported by slender columns. But the most typical feature, as seen in *Gone with the Wind*, is the grand classical façade, with a triangular pediment supported by four columns. This is supposed to have originated up north, but was readily adopted in the south because it provided extra shade and lent an air of *grandeur*. I was surprised to discover that the pillars are mostly made of wood and are hollow. They make a fine noise when you thump them.

■ *South Carolina Tourism in London offers a full visitor pack, including a map and a guide to the state's B&Bs: 121 Gloucester Place, W1H 3PJ, tel: 071-224-1780, fax: 071-224-5164.*

A walk through a Swiss valley

***John Westbrooke** treks from the source of the Rhône and enjoys some madly picturesque scenery*

The beginnings of the Rhône are inauspicious. Far from the broad river sweeping past the Roman remains of Provence, it starts life as a glacier in the Swiss Alps, and a dirty one too.

Up near the point where the glacier melts and trickles down a cliff, you can walk inside it. Locals have carved a passage about 100 yards long with a chamber at the end, lit by the hazy blue light filtering through the ice above. From the outside, though, the ice is a grubby grey from the earth it rolls over, seemingly out of place in a country where every cow looks as if it is polished twice a day.

Down below, however, is pure Switzerland, madly picturesque. The Rhône makes its way along the Obergoms valley, through lush green fields between high mountains, augmented constantly by other streams, gradually building up from babbling brook to respectable river. You can even go rafting on it, though you will see little resembling white water.

Not a lot of tourists visit the Obergoms. Villages are scattered down the valley a mile or so apart, mostly farming communities with a Baroque church and a few hotels. The average building is four storeys tall, with flowers spilling over the balconies, and built of larch, wood which starts out honey-coloured and after 20 years turns black. Some of the buildings are very black – 500 years old and not a nail among them. Apart from agriculture, the valley's main business is reputed to be providing the men of the Vatican's Swiss Guard.

Life is not always tranquil: there can be a great deal of weather in Alpine valleys. Take Obergesteln, second town down the Obergoms, which in three centuries saw so much fire, flood and avalanche that a quarter of its population moved to San Francisco, where they were presumably introduced to earthquakes as well. We spent three fine days afoot, a little overcast in the morning but nothing uncomfortable; a week later, the region was awash in rainstorms.

But – bearing in mind that, in the words of one hotelier, there is no bad weather, only bad clothing – it is exhilarating walking country, and flexible: you can take the high road, the low road or the railroad.

A variety of paths lead down the valley, well marked and well maintained, the distances given in hours. Plenty of sub-tracks lead off to the villages. The highest ones take enthusiastic walkers up above the treeline. Lower ones are mostly easy climbs through the woods, with frequent chocolate-box glimpses of steeples and snowy mountains and the constant clanking of cow-bells. The views are always pretty, and once in a while sublime. No walking experience is necessary and, though a modest degree of physical fitness would be useful, I managed without.

If you don't feel up to this, you can stroll through the almost flat fields along the valley floor, and if even that is too much, bright red trains glide along between the villages every hour or so.

Nor do you have to retrace your steps in the evenings. I walked with Inntravel, which arranges for your luggage to be ferried on ahead to whichever village you plan to stop at for the night. Instead of a full-scale rucksack, you need carry only a bag big enough to hold a packed lunch. (And a raincoat. Just in case.) Detailed written notes on the paths are provided, sealed in plastic. Dress in layers.

The hotels are mainly family-run establishments, small and snug enough for the skiing season. Food is mostly nourishing rather than elaborate, but you can usually get a fondue substantial enough to keep you awake all night. Swiss wines, little seen abroad, turn out to be an unexpected bonus.

One of the villages, Münster, is large enough to have proper hotels, and even its own guidebook. Local teacher Pius Werlen prints it at home and pastes in his own photos by hand, so each one is different. The Obergoms: where even tourism is a handicraft.

■ *Inntravel (tel: 0439-71111) offers walks, cycling and horse rides in Austria, France, Norway and Italy as well as Switzerland; there is even a beekeeping weekend in the Pyrenees. A six-night walking holiday in the Obergoms starts at £476 including flights, less if you drive there. Activities available locally include village and wildlife tours.*

PERSPECTIVES

Caught in a Russian labyrinth

***Colin Walsh** and his Georgian wife took a romantic trip to St Petersburg. All went well until they tried to leave. This is his account.*

It began as a romantic idea. We would travel to St Petersburg, my wife and I, on a second visit to the city where we spent our honeymoon in the summer of 1992. Intourist, the Russian state travel agency, told us that Marina, who is Georgian and holds a Soviet passport issued by the former Soviet Union, would not need a visa for the trip. We left on December 17, intending to return home for Christmas. We were ill-prepared for the ordeal that followed.

When we landed in the afternoon it was already dark, with a light covering of snow.

A young woman in passport control seemed about to wave us through when a heavy man in the green uniform of the immigration service studied my wife's passport, becoming hostile when she was unable to show a currency declaration. In spite of his loud lecturing and a threat not to allow Marina into the country, we passed through. I assumed this was typical of Russian officials.

We spent a pleasant few days at the St Petersburg hotel, where our room overlooked the frozen Neva. On our first visit to St Petersburg the fresh summer days had seemed endless as we walked through the city or took boat trips, planning our future together.

A year and a half later, St Petersburg wore an altogether sadder look. Night came early and the poor street lighting made little impression on the darkness. In the evenings we took a taxi along pot-holed streets to visit Marina's mother. Time passed quickly. Marina bade an emotional farewell to her mother and we left for the airport.

Our bags were checked in and we proceeded to passport control. A severe-looking man in green uniform examined Marina's passport at length, his expression becoming increasingly serious. "Big problem," he said loudly, and disappeared.

He returned with the senior immigration officer, a large, pale young woman with glittering brown eyes. These she fixed on my wife, lecturing her at length, loudly and scornfully, and gesticulating with the passport.

I could not understand her, but my wife's sinking expression confirmed that we were in trouble.

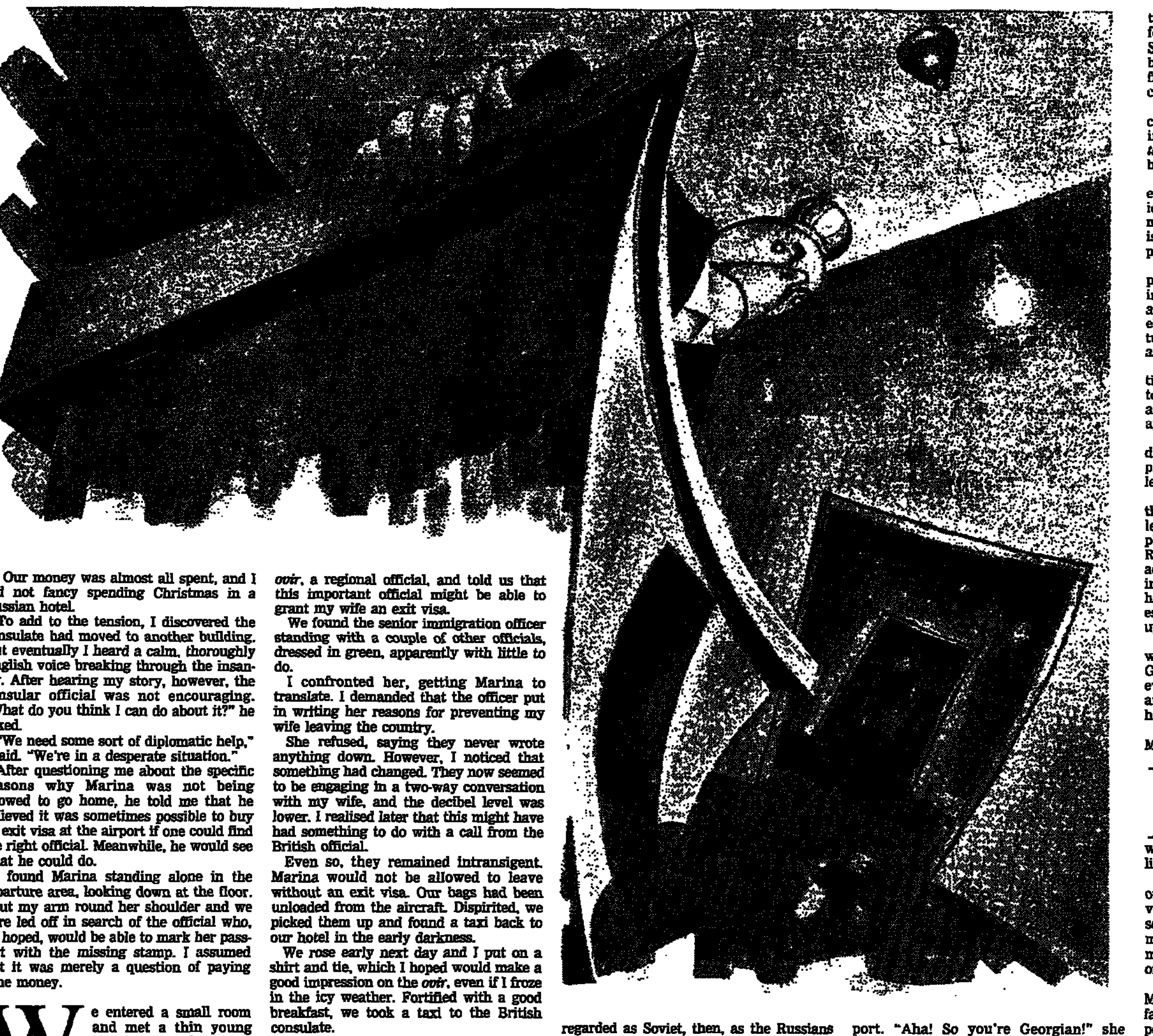
In panic, I demanded to know what the problem was. "No English," I was told in reply. Marina was mesmerised by this hectoring official, who was telling her that she "didn't have the right to cross the border" and "would never go back to England".

These terrible words induced such fear that Marina panicked and grabbed at her passport (containing her precious British Home Office visas designating her as my wife and giving her the right to UK residence). After a determined tug-of-war, she won it back.

We still had no idea what was wrong. I could scarcely believe what was happening. I tucked Marina's passport into my coat pocket, determined not to let it go. Then an airline official explained why Marina was not going to be allowed on the aircraft.

Her passport lacked an exit visa. Apparently she needed permission from someone before she could leave Russia, but no-one would say who this was. Our bags were unloaded. The time was approaching for take-off – without us.

I could not accept that anyone could block my wife's freedom to return home with me. I telephoned the British consulate in St Petersburg and asked for help. We still had a little time before the aircraft departed, and it was vital that we were on it. Our money was almost all spent, and I did not fancy spending Christmas in a Russian hotel.



To add to the tension, I discovered the consulate had moved to another building. But eventually I heard a calm, thoroughly English voice breaking through the insanity. After hearing my story, however, the consular official was not encouraging. "What do you think I can do about it?" he asked.

"We need some sort of diplomatic help," I said. "We're in a desperate situation."

After questioning me about the specific reasons why Marina was not being allowed to go home, he told me that he believed it was sometimes possible to buy an exit visa at the airport if one could find the right official. Meanwhile, he would see what he could do.

I found Marina standing alone in the departure area, looking down at the floor. I put my arm round her shoulder and we were led off in search of the official who, we hoped, would be able to mark her passport with the missing stamp. I assumed that it was merely a question of paying some money.

We entered a small room and met a thin young man dressed in a worn-out suit. His manner was quiet and reasonable and he spoke English. What he said to us, though, was far from reasonable. He would charge $110 to grant me an extension to my visa and we would have to travel to Georgia to sort out my wife's passport.

Prevented from leaving the country because of the obstacles placed in front of my wife, I was to be made to pay to stay. They were also telling us to go thousands of miles to a country we knew to be riven by internal conflict.

Experiencing fear and rage, but trying not to show it, I asked: "Who has made this decision?"

He replied: "The senior immigration officer." He suggested that we go and see the *ovir*, a regional official, and told us that this important official might be able to grant my wife an exit visa.

We found the senior immigration officer standing with a couple of other officials, dressed in green, apparently with little to do.

I confronted her, getting Marina to translate. I demanded that the officer put in writing her reasons for preventing my wife leaving the country.

She refused, saying they never wrote anything down. However, I noticed that something had changed. They now seemed to be engaging in a two-way conversation with my wife, and the decibel level was lower. I realised later that this might have had something to do with a call from the British official.

Even so, they remained intransigent. Marina would not be allowed to leave without an exit visa. Our bags had been unloaded from the aircraft. Dispirited, we picked them up and found a taxi back to our hotel in the early darkness.

We rose early next day and I put on a shirt and tie, which I hoped would make a good impression on the *ovir*, even if I froze in the icy weather. Fortified with a good breakfast, we took a taxi to the British consulate.

Comforted by the sight of the British flag hanging limply in the still cold air, we entered the consulate through the security door and I gave our names to the young woman at reception.

It was clear that we were expected. She indicated a door through which we passed to a waiting-room. After a long delay the consular official, whose manner was capable and friendly, arrived. He looked at Marina's passport, commenting that it was probably a good thing that Marina's citizenship was recorded as Soviet rather than Georgian.

He said he would speak to the *ovir* on our behalf, putting forward the argument that if Marina was regarded as Georgian, she did not need the Georgian government's permission to leave as she had already left her country, and if she were regarded as Soviet, then, as the Russians were insisting on an exit visa, they themselves would have to provide one.

He left the room to make the call, returning to tell us that Nina Vasilievna, at the *ovir's* office, had agreed to see us on any Tuesday – it was Wednesday – but if we went there immediately she would see us straight away.

Certain that our difficulties were almost over, we took a taxi to Ulitsa Saltikova Shedrina and climbed the stairs to a huge room, bare of all furniture except for a large desk at which was seated a grandmotherly looking woman.

We assumed that she was the receptionist, told her that we had an appointment to see Nina Vasilievna, and were surprised when she indicated that that was *her* name. Marina began to explain the problem while Vasilievna examined her passport. "Aha! So you're Georgian!" she exclaimed. "They told me different. Go to Georgia and they will help you."

I did not need Marina to translate, as the official's voice was laden with sarcasm and her look unmistakably hostile. She stalked into another room, presumably to show Marina's passport to someone else. Marina broke down in tears, saying to me between sobs: "Why did you bring me here, why, why?"

Vasilievna returned with the passport, indicated that the business was finished, and began dealing with someone else. It was terrible to see the effect on my wife. Almost in tears myself, I began shouting but my voice sounded feeble in the gigantic room.

We arrived back at the British consulate downcast. We met the same official. I said that I could not understand the logic of the Russian position. Their requirement for an exit visa made sense only if the Soviet Union had somehow been brought back to life. Georgia had broken away from the Soviet Union before it was officially dissolved in December 1991.

Now, the Russian authorities were claiming authority over my wife by insisting on an exit visa, while maintaining that *they* had no authority to grant an exit visa because Marina was not Russian.

I noticed that the British official did not explicitly criticise the Russians' behaviour. I asked if my wife could accompany me home under the protection of the British government. He told me this was not possible as Marina was not British.

I pointed out that according to her papers she was not a citizen of any existing state. However, as she was married to a British citizen, and as there was nobody else in St Petersburg to whom she could turn for help, she was entitled to British assistance.

He left the room and returned a short time later to say that the Russians had told him to "back off". He said again that as Marina was not British, he could not apply any more pressure.

When she expressed her surprise and disappointment, he told her that it was her problem, and that I was technically free to leave.

I was crushed by this interpretation of the rules of the game, which seemed to leave the Russians free to do as they pleased with my wife, because she was on Russian soil and not British. I tried to get across the idea that my wife was my vital interest, and that the British consulate had a responsibility to protect my interests as much as possible. But I was too upset to state my case clearly.

Our ordeal was at last ended in Moscow, where we sought the assistance of the Georgian embassy. They gave my wife everything she needed to escape – which amounted to an extra couple of stamps on her passport.

We took a British Airways flight out of Moscow the same day.

I tried to understand what had gone wrong. I had met Marina in Tbilisi in 1992, and decided to bring her back to Britain for a holiday. I wanted to marry her, but first I wanted to make sure that she knew what life was like in Britain.

Marina had obtained a permit from an official in Tbilisi allowing a "personal visit" abroad. We were married on my second visit to Tbilisi and Marina joined me in Britain some weeks later, her documents having been vetted by the home office.

She had no problem leaving Georgia via Moscow in 1992, but she had inadvertently failed to get a "permanent emigration" permit in her passport to replace the "personal visit" stamp which would soon expire.

This had been the cause of our difficulties in St Petersburg, but the question remained – why were the Russians so keen to enforce Georgian emigration regulations?

In spite of all the political changes, the reality for ordinary former Soviet citizens is that travel abroad remains a distant dream.

Even if the cost is somehow met, the obstacles created by governments are formidable. In a couple of years, Marina will be eligible for a British passport.

Inside the front cover of a UK passport are inscribed noble and optimistic words, redolent of a time when all you needed for world travel was a passport and enough money. Times are changing.

The Nature of Things

Mysteries of the death cells

*Millions of dollars are pouring into the study of apoptosis. **Clive Cookson** explains*

Murder? Suicide? Plain old age? The way cells die – regarded for decades as an obscure by-way of biology – has become a subject of burning scientific interest.

Researchers are stampeding into the study of cell death and American venture capitalists are racing after them, eager to pour millions of dollars into biotechnology companies exploiting their work. They see it as a new route to treatments for intractable diseases including cancer, Alzheimer's and Aids.

Scientists have known for many years that billions of cells die every day, even in the healthiest people, to make room for new cells. But they have only recently realised that all cells are programmed to perish by the same process in every part of the body, from blood to brain, and in all creatures from primitive worms to humans.

The process – which has the evocative name of apoptosis, from the Greek word for the shedding of leaves – is really cell suicide. Once apoptosis has been triggered, a cell destroys itself within a few hours. Its membranes break down and enzymes split up the genetic material in the nucleus. At the same time, the main body of the cell shrinks and breaks up into small pieces which are eventually consumed by neighbouring cells.

Although three Edinburgh University cancer researchers – Andrew Wyllie, John Kerr and the late Alastair Currie – had discovered apoptosis in the early 1970s, most biologists regarded it as no more than an interesting curiosity until the late 1980s. They were more interested in the way cells divide and grow and how they respond to germs and drugs than in their suicidal behaviour.

The reason for all the excitement now is that research over the past five years has shown apoptosis to be a far more widespread phenomenon with much wider implications than anyone had suspected. Indeed, it turns out that all cells are programmed to die in a clean and orderly way through apoptosis when their time comes.

The other way a cell can die is through "necrosis" – a much cruder process of sudden and unprogrammed destruction following accidental injury, burns, poisoning, asphyxiation or virulent infection.

Apoptosis plays a particularly important role at the very earliest stage of life. It shapes the developing embryo in the womb, removing cells where they are not needed. To take a simple example, it leaves clear spaces between the growing toes of most animals; but in water birds the level of apoptosis is reduced and webbing remains between the toes.

Another vital function of apoptosis – in embryonic development and then throughout life – is apparently to maintain a natural selection process in the body. "What seems to be emerging from research is that the best cells are selected for development and unwanted cells are removed," Wyllie says.

The immune system depends on apoptosis to regulate the number of blood cells available to defend the body against invading germs. Someone infected with a new virus makes huge numbers of special cells to recognise and kill the invaders; when the threat is over, almost all the defenders commit suicide, leaving just a few to remember the virus in case it invades again.

So apoptosis is essential for maintaining a healthy balance between the growth of new cells and elimination of old ones. If the balance is lost, disease results.

One of the first scientists to popularise the role of apoptosis in disease was Luc Montagnier, the French discoverer of HIV. He has been promoting for several years the idea that the virus causes Aids by forcing too many T-cells in the immune system to commit suicide.

Too much apoptosis may also be a cause of degenerative brain diseases such as Alzheimer's; indeed, any apoptosis at all is bad news for the brain, as its cells are the only ones in the body that do not renew themselves routinely in adult life. Too little apoptosis, on the other hand, results in the cell proliferation characteristic of cancer and the abnormal immune reactions responsible for rheumatoid arthritis.

Hopes of intervening in the process – and shrinking tumours, for example, by persuading their cancer cells to commit suicide – rest on finding the genes that control apoptosis. In the humble nematode worm *Caenorhabitis elegans*, a favourite subject for genetic research because of its simple structure, Robert Horvitz and colleagues at Massachusetts Institute of Technology have already identified 16 genes involved in apoptosis; some of these are apparently related to human genes that may trigger or suppress cancer.

Horvitz chairs the scientific advisory board of Idun Pharmaceuticals (named after a Nordic goddess who keeps apples bright and shining). It is one of several biotechnology companies started recently in the US to commercialise apoptosis research. Others include Apoptosis Technology and LXR Biotechnology.

The prospect of manipulating cell death to cure cancer or prevent degenerative brain disease may yet turn out to be an illusion. But the existence of apoptosis companies shows that investors expect something to come of it within a decade or so.

As They Say in Europe

Lost in translation

***James Morgan** attempts to cross the language barriers*

A new Paris tabloid, *InfoMatin*, wrote the other day: "All proposals designed to legislate on the use of language give off a stale smell. And a regressive one, because words have a capacity to fly in the face of those who persist in acting as customs officers of the language."

This was a response to the new bill to enforce the use of French on public signs and in private conferences. The defence of the French language is an item of recurring interest; there is, of course, only one real enemy of the purity of the Gallic tongue: American English.

But elsewhere things are different. Unremarked by everyone outside Germany, the Society for the German Language (GfdS) has admitted another bunch of words. These are new German words rather than imports but the Germans do not have "douaniers" like the French – any old import can make itself at home in Germany in about 10 minutes. One can write articles consisting almost entirely of English.

German has a gift for fabricating new words in a way Americans might envy. Each January the GfdS picks a "Word of the Year". The one for 1993 was *Sozialabbau* which "stands as a generic term for a series of euphemisms for the difficult changes that have been felt in the lives of millions of people in east and west Germany".

This flexibility is something lacking in French. Mind you, there are words that leave me stunned at the richness of French life: perhaps a reader can help with one I came across years ago but have now forgotten. It means someone who makes a living out of taking shoes apart and selling the bits as spare parts. Then there is *ramaillage*, or "the treatment of skins in preparation for the manufacture of chamois leather". Maybe this reflects the infinite linguistic variety French reserves for such matters as food and women's clothes.

Each language has characteristics which govern the way people think and behave. It is widely believed that it is the people who create the language but the opposite is true. Now, you may ask: if French is so good at sensuality, which would seem to be the case, why is it identified with clarity, precision and analytical brilliance? The answer is that the French have to struggle against the grain of their language to obtain these skills. They labour to make absolutely precise in 40 words what English makes clear in four. Unless, of course, they are treating animal skins or tearing up shoes.

(The same phenomenon can be seen in Japanese, whose structure is so at odds with its script that its speakers have to develop fantastic brains to make any sense of it.)

The besetting English sin is sloppiness. The language is so good at conveying meanings and ideas with a minimum of effort (you get my drift?) that nobody tries very hard. New ideas and words are drawn to it like whores to a victorious army. From French, with its emphasis on eloquence and elegance, one often makes a desperate effort to retrieve any sense at all. It is hard to detect the difference between brilliant observation and the charlatan, between the icon of postmodern obscurantism, Jacques Derrida, and the dead doyen of modern Marxism, Louis Althusser. Only when translated into English is it possible to estimate the true value of their works.

The Germans have a different problem. Their language imposes lunatic rules of syntax and grammar. This strait-jacket has to contain a language whose greatest gift is an astonishing capacity for metaphysical and abstract expression. It is no accident that there is a certain kind of German which produces words and phrases that remind one of madmen in uniform. Today's language avoids such traps by accepting a new informality and offering open house to foreigners in a manner that parallels the recent asylum laws. Those foreigners, of course, never quite become German.

What the French and the Germans have in common is a certain distaste for English. The poet and novelist, Kurt Tucholsky, wrote 60 years ago: "English is a simple but difficult language. It consists of loud foreign words which are badly pronounced." One uses it without loving it. Not so with French. The journalist, Karl Günter Simon writes, "When two non-Frenchmen speak French between themselves they are immediately mutually *sympatisch*. Whole peoples love French even if they hardly like the French."

There was a radio programme a few nights ago about English people living in France and how they spoke French. They confirmed that they reserved French for endearments and English for irony and sarcasm.

The emperor Charles V famously said: "I speak Spanish to God, Latin to my confessor, Italian to my mistress, French to my men and German to my horse." If he had known English he would have spoken it to his research assistant and his PR girl.

■ *James Morgan is economics correspondent of the BBC World Service.*

MINDING YOUR OWN BUSINESS

Computing

A little rival for the giants

Robin Brooker looks at a no-frills office package

Connect Software, a UK software developer, has taken a careful look at the needs of the small office and produced a package, *Office Manager*, aimed squarely at the 'Soho' (small office/home office) market.

Connect is pleased with its product, but it has to compete with giants such as Microsoft, which markets *Microsoft Office*, a suite of packages with many more features, many of which are of little use in a very small office and cost nearly 10 times as much.

Office Manager combines contact management, letter writing, invoicing, elementary stock control and document storage. You can use *Office Manager* on its own or link it to *Money Manager*, with data moving between the two in both directions.

The core of *Office Manager* is its database. Each database file holds only 500 records but this should prove no restriction for its potential users.

Two possible problem areas are in compiling customer lists and parts lists. Organising the customer list into separate files for geographic areas overcomes the restriction. Similarly, the parts list, taking motor spares as an example, could differentiate between *engine and electrical items.*

Moving from one database to another is easy: *Office Manager* automatically saves a file *before loading a new one*, thus eradicating the main danger when dashing between files.

When creating invoices you can have your stock list on screen. As you add the quantities to the invoice the stock list is updated automatically. You can post the invoice directly to your *Money Manager* data file with just two or three keystrokes.

Designing templates for invoices is simple. You can prepare them with plain paper or for your own pre-printed letterheads.

Producing letters can be very quick using the text editor and all standard letters can be individual templates. It then becomes a matter of choosing the person you wish to send it to and telling the program which letter you want to send – almost no typing required. As there is no typing, it leaves little room for typographical errors. The mail merge facility is also much easier to use than in the more sophisticated programs such as Microsoft *Word for Windows*. The word processing facilities seem a little basic compared to the larger programs and there is no spell checker, no thesaurus nor grammar checker.

My one apprehension about the program is that it works under MS-Dos. This has its benefits: the program will run on a basic PC with a hard disk. It ran happily on an old Amstrad 1512, which is considered something from the age of the dinosaur by many computer freaks.

Recent computer purchasers have been sold the idea that *Windows is the standard* computer interface and that programs running under Ms-Dos are difficult to use. The menu *system of Office Manager* is very easy to use. Any user of *Windows* would have no problem using the program and the manual describes how to install and operate the software from *Windows' Program Manager.*

Office Manager's unique combination of facilities makes it suitable for a wide variety of uses where larger programs can be both expensive and cumbersome.

■ *Office Manager costs £49.95 and is available from Connect Software, 3, Flanchford Road, London W12 9ND. Tel: 081 743 9792 Fax: 081 743 8073*

John Durham of Camphill Products with residents of Botton Village in one of the Camphill workshops

Ashley Ashwood

Where profits come second

Clive Fewins visits a village run on businesslike lines for unbusinesslike purposes

From his prefabricated wooden office, with a glorious view of the top of Danby Dale, John Durham presides over a £2m business – yet he draws no salary. He does not own anything: no house, no car, no personal bank account – not even money for retirement tucked away in a pension fund.

Durham runs Camphill Products, the trading arm of the Camphill Village Trust. There are 35 Camphill communities, four of which produce a range of goods in sheltered workshops that realise a profit – they prefer to call it a surplus – of £217,000 a year.

The money is ploughed back into the work of the trust, which assists people with social and mental handicaps to work and play a full part in the communities it runs.

Durham's product range comprises 100 lines from 13 craft workshops, half of them based at Botton village, at the head of Danby Dale, 18 miles from Whitby in North Yorkshire.

Durham's two assistants pack, distribute and handle all the marketing for the goods, which range from wooden toys, cradles and bricks made from timber grown at Botton, to candles, soft toys, engraved glass, pottery and copperware.

Sales of these goods, half of which are exported, total £320,000, a significant part of the total £2.1m sales achieved by the workshops, food centre, gift shop and bookshop at Botton.

Botton opened in 1955 and, in common with 80 other Camphill centres in 19 countries, it is run on principles laid down by the Austrian philosopher Dr Rudolf Steiner (1861-1925). Steiner's view was that therapeutic communities should be run with, and not for, handicapped people. This is the case, it is the world's largest village working with adults with a mental handicap.

Apart from housing the headquarters of Camphill Products, Botton produces an award-winning cheese, nine *organic breads*, and 44 food lines. Many are on sale in shops and other outlets as far away as Scotland and the south coast of England.

Sixty per cent of the bread, cakes and biscuits produced in the bakery is sold in shops in nearby villages and towns, and 90 per cent of the cheese, yoghurt and curd cheese produced in the creamery goes to the outside market. On a good cheese counter you will find the unpasteurised Botton hard cheese on sale alongside the best Cheddars and Stiltons.

"The surplus from our trading operations goes towards our day-to-day running costs," said Durham, 52, who read geography and anthropology at Durham University and worked in marketing at ICI before coming to Botton 17 years ago.

The key to the commercial success of Camphill products is quality. "When I go out with my catalogue or attend craft fairs I do not make a point of saying we are a sheltered workshop," Durham said. "I say: we have got these products – buy 'em! Fortunately, people do. Ninety-five per cent of them are sold outside Camphill communities."

At Botton there are 155 mentally handicapped "villagers" and 69 "co-workers" or staff, who, like Durham, are unpaid but whose personal expenses are met from common funds. There are 27 local staff who commute daily to the village and draw a salary for performing tasks such as maintenance work, secretarial duties, and working in the sawmill alongside villagers.

Another key to the Botton economy is tourism. Drive up the dale to the village centre and you will find a large car and coach park. Weatherproof dispensers give out literature which explains the work of the community and guides visitors to the gift shop, bookshop, coffee bar and grocery. At the latter they can buy meat, reared on Botton's five farms, as well as cheese, vegetables and Botton-packaged food ranging from jams and perserves to ice cream, muesli, cordials, juices and sugar-free drinks.

Enter the coffee bar and you mingle with residents and co-workers, who *live communally in 30 houses in the* 750-acre settlement.

The visitor pack lays a strong emphasis on the growing importance of *fund raising* for building and long-term development.

Botton was founded in 1955, based on Botton Hall, a shooting lodge with 350 acres, and two farms acquired by the trust at nominal cost. The most recent building is a strikingly modern £400,000, 150-seat chapel built largely of timber. It replaced an annex to the community centre that had served as a chapel for 18 years.

One of the other new buildings is the £250,000 print shop. Buildings such as these come out of the community's capital fund, which is fed largely by fund raising and donations, and which currently totals £1.2m.

The print shop is the home of a sophisticated mailing operation which comprises nearly 50,000 "warm" donors and is the envy of many other charity operations. It is handled by a £100,000 computer donated by Digital *Equipment Corporation. The print* shop is increasingly undertaking outside contract work.

"It costs about £200 to keep one of *our villagers here for a week. It is* interesting that the Department of Social Security works on a figure nearer £280 a week for someone with a similar handicap," said *Jeff Balls*, deputy chairman of the Camphill Village Trust who has been at Botton for 22 years.

"Our villagers are largely supported by local authority grants. Together with grants from the Department of Employment they comprise 65 per cent of our total income. In a year Botton needs £1.7m to keep it going. We reckon about 15 per cent of that comes from workshop sales, which includes Camphill products, and 10 per cent from donations and fund raising. The rest comes from other assorted sources.

"Fundraising keeps our capital projects account going. Currently this is £1.2m. Without this we could not *expand," said Durham*, who is also chairman of the fundraising group.

"The important thing is that these figures should be set within the overall *context of our philosophy*. Work here and at other Camphill communities is carried out for the sake of the work itself and for the needs of the community. We are working with people of limited talents and we aim to give them an opportunity to contribute and to achieve some sort of fulfilment through their daily work. Their fulfilment is probably greater than most of us achieve on a day-to-day basis. We work not to generate cash but to meet people's needs."

■ *Camphill Products, Botton Village, Danby, Whitby, North Yorks. YO21 2NJ. Tel: 0287-660424.*

The miner's broken home

Continued from Page I

The emphasis on miners' education was a feature of Scargill's rise to power in Yorkshire: young men, chosen, one suspects, as much for their socialist militancy as for their intelligence, would attend lectures in Sheffield and Leeds to debate the distinction between delegatory and representative democracy.

Naturally, the Communist Party took particular interest in the miners. Yet, despite the emergence of men such as Abe and Alex Moffat in Scotland, followed by Michael McGahey (whose father was a founder member of the British party) or of Arthur Horner, Will Paynter and Dai Francis in Wales, there was always the feeling in party circles that these men were miners first, revolutionaries second.

When the Welsh communists, according to a party veteran recently, warned the King Street comrades that coalmining was in terminal decline they were simply contradicted.

McGahey, a fine orator who was on his first soap-box at the age of 13, liked to intone the dogmas – "as Lenin said, once the line is clear, organisation is everything" – but showed a certain lack of attention to deep doctrinal matters. During one lunch-break when he was presiding over the Communist Party congress in London – it was the year the British party chose the Eurocommunist road and the Kremlin had sent a full member of the politburo to observe – McGahey seemed to be more interested in press coverage of a local pit dispute.

His own annual conference was a model of democratic centralism, or what he called a "unanimity conference", leaving plenty of time for discussion of other matters – history, people, world affairs. On one evening, discovering the correspondents of the Financial Times and Morning Star playing snooker in an upstairs room, he growled: "Ye're dissipatin' yer youth. Come doon and have a drink wi' me."

For all the media attention men like McGahey had received during the 1960s and 1970s, the left was always in a *minority on the NUM* national executive until after Scargill's rise to power. Historically, too, the miners were slow to move towards socialism, according to the historian Michael Jackson, being the last big union to leave the Liberal Party for the Labour Party (which Keir Hardie, another Scottish miner, was instrumental in creating). The union, he says, was always pragmatic and ready to co-operate – even in the contraction of the industry – in order to show that the much-desired nationalisation of 1947 had "worked".

The last NUM president, Joe Gormley, epitomised this strategy of managed decline. Gormley was the last person to promote national strikes – although he put himself adroitly at the head of his men when, as in 1972 and 1974, the dam was about to burst – and the first to promote market-related schemes such as the incentive bonus payments that put money into miners' pockets. His close relationship with Lord Ezra, former chairman of the coal board, was seen by the Thatcher government as more like connivance and was one of the factors which prompted its decision to confront and destroy the power of the union.

It has been a long ascent and a long decline for the miners. At the beginning of the 17th century they lived no better than slaves, says the historian of the Scottish miners, Robin Page Arnot. They lived in hovels of unspeakable squalor, were denied the right of *habeas corpus* and were buried in separate ground. Nearly 400 years later, on the eve of the 1984 strike, they were among the best-paid manual workers in the country, with access to mortgages, cars and foreign holidays, the rewards of advances *in technology* and productivity.

But the rules of the game had changed, decades of uncertain government intervention had come to an end and, with the militant, uncompromising Scargill at their head – to this day he will not acknowledge what happened as a defeat – the NUM was confronted and its power destroyed. This political drubbing was followed by commercial retribution, leaving today a swathe of ghostly pit yards and derelict villages round the country for fresh-faced sociology students to pick over. Perhaps some of them will win *Firsts at Oxford.*

FOOD AND DRINK

How to pick west coast hotshots

***Jancis Robinson** reports on assorted developments in California wine*

When I heard that Australia's most prolific and forthright wine writer was to write a California wine atlas on the basis of a single visit, I thought it was a joke – especially since James Halliday has been a voluble critic of some California winemaking practices.

This lawyer, vigneron, columnist and author of 25 books on Australian wine had his own misgivings, according to an interview he gave the newsletter *The New York Wine Cellar*. "I quite frankly went to California with considerable apprehension because I had had some personal difficulties with many of the California styles. I wondered, first, how I was going to do justice to the wines and, second, how I could write a book that people were going to buy."

In fact, Halliday's *Wine Atlas of California* (Angus & Robertson) is a triumph – a lively portrait of an industry in transition peppered with praise and judiciously spiked with cynicism. It is full of up-to-date information and has some stunning photographs by Oliver Strewe. It is overpriced in Britain at £40, however, and this is not the first wine atlas with cartography as its weakest point.

Bob Thompson's *The Wine Atlas of California with Oregon and Washington* (Mitchell Beazley) may be £15 cheaper and have clearer maps, but it proves that the closer you are to a wine region, the more difficult it can be to pick out its distinguishing marks. Emboldened by this observation, I am daring to make the following generalisations:

FASHION: California is nothing if not fashion conscious. And, for the moment at least, fine wine is varietal, named after the grape from which at least 75 per cent of it was made.

The hottest variety of the moment is Merlot, the Pomerol grape, perceived as Cabernet Sauvignon (the Médoc grape) without the pain. Only Merlot managed an increase in average California grape prices last harvest, and one market analyst – they have such things in the Napa Valley – predicts that between 1987 and 1998, total sales of Merlot will have increased almost tenfold.

Duckhorn of Napa Valley was many years ahead of the pack on this one, and Lay & Wheeler, of Colchester, Essex, sells the 1991 version which is well-balanced with a nice, dry finish for about £15 a bottle (fashion has done nothing to depress Merlot prices). A California Merlot aiming more exhibitionistically at a lush Pomerol style is Havens Reserve Merlot. Its 1991 is £16.74 at Bibendum, the wine merchant of London NW1 (tel: 071-722-5577). It hosted the Cheval-Blanc tasting described, incidentally, by Edmund Penning-Rowsell last week – not the synonymous restaurant.

ODDBALLS: Rhône varieties such as Syrah, Mourvèdre and Marsanne have been on a roll in California for some time now (see Les Jumeaux 1991 Cabernet/Mourvèdre blend from Jade Mountain, £11.50 from Morris & Verdin, London SW1, 071-630-8888, for sumptuous velvety intrigue).

The prototype Rhône Ranger is Randall Grahm, of Bonny Doon, who has moved on in search of varietal thrills anew. He is heavily into Italian and Hungarian varieties this season, and was heard muting his enthusiasm for the Friuli variety Schioppettino with a wistful "but the cardinal rule of selling wine is that if you can't pronounce it, you can't sell it".

Morris & Verdin also has his delightful dry, characterful white Malvasia Bianca Ca del Solo at £7.50. Why can't Italians put this much flavour into white wine?

THE PEST: No mention of California is complete without the P word, or is it a Ph word – phylloxera. The dreaded vine louse is destroying vines by the thousand in Napa, Sonoma and other north coast areas, and Pierce's disease is wreaking its own havoc.

Or, you can look at it the quintessentially California way as "the chance of a lifetime" to get the rootstock right at last, to plant the right variety in the right place, with the right spacing and trellis system.

BIG BOY: Ernest Gallo dominates the American wine scene. It is a reflection of his power that, while every other producer is trying to move discreetly downmarket in search of turnover (typically with a second label or two), Gallo is striding to the top of an already overloaded ladder of ambition, notably in terms of pricing, but also in production techniques. "Ah, Gallo!", whisper California barrel salesmen in their dreams.

THE SURPRISE: Who would have thought that California would have had such success with the capricious muse of red burgundy, Pinot Noir? Yet California is one of the few sources of viable alternatives to Côte de Beaume wines, if not (yet) the best of Côte de Nuits. Kistler's first Pinot, a 1991 from the McCrea vineyard, is a rich, sensual treat at £17.59 from The Wine Treasury of London SW6 (071-371-7131). Even better value is Pellegrini's 1991 Olivet Lane bottling at £8.89 from the same source.

Morris & Verdin has the British allocation of Au Bon Climat's definitive Pinots, while Raeburn Fine Wines of Edinburgh (031-332-5166) still ships tiny quantities of some even rarer California Pinots.

Wine maker Saintsbury continues to turn out Pinots Noirs, with its lighter bottlings of Garnet, regular Carnero, or the new Reserve label – from Bibendum of London NW1, Adnams of Southwold, Suffolk, Bottoms Up and many others.

For value, Fleur de Carneros, at about £8 from Weavers of Nottingham and Majestic, is hard to beat.

A vineyard crew working on bush-pruned vines in the Pagani Vineyards: one of the many fine illustrations in James Halliday's new Wine Atlas of California

Cookery/**Philippa Davenport**

England's favourite pasta

Manufacturing tagliatelle in the privacy of your very own Smallbone kitchen might be a late-20th century phenomenon. So, too, might be nipping out to a supermarket for the latest line in multi-layered seafood lasagne. But it struck me the other day that there is nothing new about the English passion for pasta.

Macaroni, in particular, has been popular for centuries: indeed, macaroni cheese is a national dish. It has been a nursery comforter for generations of children and a traditional choice for Friday lunch in households where meat was forbidden on Fridays. Until the 1980s, it was the only alternative to an omelette that vegetarians were offered outside their own homes.

Macaroni is said to have come to Britain from medieval Italy, where it was dressed commonly with soft cheese, sugar and cinnamon and served as a first course. Gradually, the sweet elements gave way to more elaborate savoury additions. By the 18th century, macaroni was the height of fashion in Britain. Indeed, so smart was it that dandies were nicknamed "macaroni".

At that time, a favoured dish for balls and theatre suppers was Roman pie (the word Roman in the title indicated the inclusion of macaroni, just as Florentine implied spinach).

This pie was a mixture of sliced chicken, game birds, ham, tongue and intensely-flavoured gravy, layered in a dish with macaroni bathed in a creamy bechamel sauce, and sealed under a lid of puff paste to keep everything moist and succulent.

It is a recipe to remember for Christmas – one of the best ways I know to use up turkey and other festive meats.

Here are two of my macaroni favourites – recipes in which the pasta plays an equal role with the other ingredients. Take your pick from chicken livers or mussels, both luxurious but inexpensive.

MUSSELS WITH MACARONI, SCORCHED PEPPERS & FENNEL
(serves 4)

Ingredients: 6oz macaroni; 1½lb mussels; 3-4 tablespoons dry white wine (or water); 1 large red pepper, seeded and chopped; 1¼ plump heads of fennel, trimmed and cut into chunks; ¼ teaspoon fennel seed and a few strands of saffron, pounded together with pestle and mortar, then soaked in 3-4 tablespoons boiling water; 1-1½ teaspoons cornflour mixed to a paste with 2 tablespoons cold water; 1 tablespoon or so of olive oil; 2-3 tablespoons each snipped chives and flat leaf parsley.

Method: Clean the mussels and prepare the other ingredients as described. Cook the macaroni in boiling, salted water. Meanwhile, heat a little oil in a large, heavy-based pan and scorch the pepper and fennel. Lower the flame and cook gently for a few minutes more until the vegetables are nearly tender. Add the saffron and fennel liquid and the chopped herbs, and set aside.

Towards the end of this time, bring the wine to the boil in a separate large pan. Add the mussels, cover, and cook for around three minutes until they have opened. Strain the liquor and measure. There should be ½pt or so – top up with water if necessary. Discard any mussels that have not opened and shell the rest.

Pour the mussel liquor and the cornflour mixture into the vegetable pan and bring to the boil, stirring. Boil for a minute or so until the sauce is stickily thick. Away from the heat, add

the cooked and drained pasta and the mussels. Toss to mix, season to taste, and serve straight away.

CHICKEN LIVERS WITH MACARONI, HONEY & LIME
(serves 3-4)

Ingredients: 6oz macaroni; ½lb chicken livers, cleaned, trimmed and cut into chunks; ½lb main crop carrots, peeled and cut into small batons; 1 small onion, chopped finely; 1 teaspoon or so finely-chopped ginger root; 1 generous teaspoon runny honey; 1 teaspoon cornflour mixed to a paste with 1 generous tablespoon freshly-squeezed lime juice; a dribble of olive oil; the finely-grated zest of a lime; 2 or more tablespoons freshly-chopped coriander leaves.

Method: When all the ingredients have been prepared as described, start cooking the macaroni in plenty of well-salted boiling water. Warm the oil with the ginger; add the carrots, honey and 6-7fl oz water; and cook until the carrots are tender. Drain, reserving the liquor. Meanwhile, sauté the chicken livers in a little oil. Put the carrots and livers into a low oven to rest.

Add a little more oil to the sauté pan and fry the onion. Pour on ¼pt or so of the carrot liquor and the lime and cornflour mixture. Cook, while stirring, for one minute or so letting the sauce bubble and thicken. Add a tablespoon or more of coriander and the drained and cooked macaroni. Then tip the contents of the pan on to the chicken livers and carrots. Toss to mix, check seasoning and scatter extra coriander over the top.

Appetisers

Good value, fruity reds

In search of good *petit château* red bordeaux? Then look to the Languedoc where you can find a raft of good-value, hand-crafted red wines, with the same sort of structure *and* fruit right through the middle.

The 1991 vintage was, unusually, a real success there.

Domaine Comte de Margon 1991 is a classily labelled Vin de Pays des Côtes de Thongues: £4.67 from John Armit Wines of London W11 (071-727 6846).

This firm also has the more serious Clos l'Angély Minervois 1991 (from Piccinini) at £5.67. This deep, brambly wine has the structure to develop over several years but the softness to appeal now.

Other merchants which have cherry-picked the Languedoc include: La Vigneronne of London SW7; the Wine Society, of Stevenage, Hertfordshire; Adnams of Southwold, Suffolk; Lay & Wheeler, of Colchester, Essex; and Tanners, of Shrewsbury, Shropshire. **Jancis Robinson**

■ A book which will be well-received by travellers is Charles MacLean's *Pocket Whisky Book* (Mitchell Beazley, £7.99, 192 pages). With a growing number of malt whisky distilleries open to the public, this book will fit into a glove compartment, a handbag or a jacket pocket. It is rare today in that it gives almost as much space to blended whisky as it does to malts. In both cases MacLean gives us rather more pithy history than other guides currently on the market.

The tasting notes appended to the malts are rarely punchy and it is occasionally hard to say what the author actually thinks of the whisky in his glass. This is doubtless tactful to the distillers but may prove less than helpful to the drinker who wants to know what to take home on a Friday night. **Giles MacDonogh**

■ Few exciting Bulgarian wines have come my way in the past year or so – something to do with over-enthusiastic application of oak chips, in some cases – but Safeway, as so often in eastern Europe, has something exceptional. A 1992 Cabernet Sauvignon from the Krazen vineyard, made at the Russe winery, has outshone Cabernets from some very famous wine-makers at twice the price. It costs just £3.29 a bottle and is delightfully concentrated and well balanced. At least, the bottle I tried was, but consignments from the east can be inconsistent. **JR**

■ As one might expect from the *Good Beer Guide*, edited by Jeff Evans (Camra, £8.99, 502 pages), there is a good deal of real ale propaganda squashed into the introduction, but for the most part Camra's obsessions are wise ones: opening hours, Sunday licensing and children. **GM**

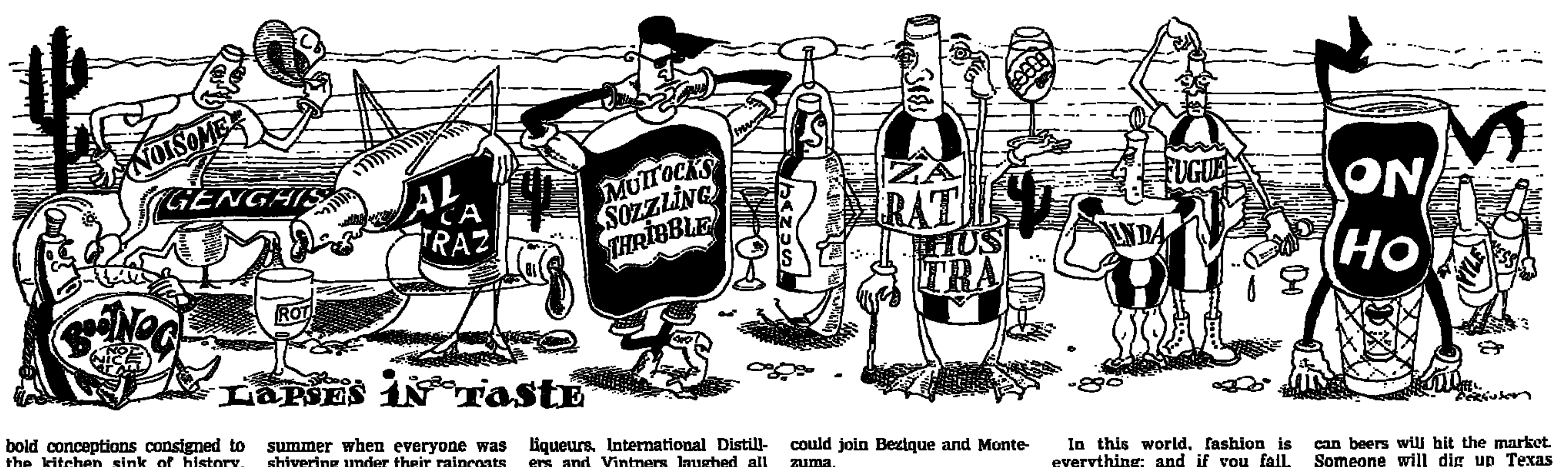
■ There will be a celebration of British cuisine at the May Fair Inter-Continental hotel, in west London, next month at which Michael Coaker, the hotel's executive chef, will be cooking.

The event will run from April 11 to 23 and a British menu of four courses and coffee will be available in the Chateau restaurant for lunch and dinner at £30 a head, including a glass of house port. For further details and reservations ring 071-629-7777. **Jill James**

■ Hampshire country house hotel Chewton Glen is staging a series of Sunday night dinners at which personalities as diverse as the jazz musician Ronnie Scott and Helen Sharman, Britain's first astronaut, will be talking or performing. For costs and details ring 0425-275341. There is a special overnight room rate of £100 per double room for these events. **JJ**

Beware if offered a taste of paradise

*Experience has taught **Giles MacDonogh** which drinks to avoid*



We had eaten in a pub. Now, the meal was over and my host went to the bar to buy me "something rather special". He returned with a broad grin on his face and a glass filled with a pale liquid. It must have been a quadruple measure.

It had a synthetic smell of coconuts and a coarse, rum-like taste, not unlike bad rhum-babas. He went to get the bill. While he was gone, I tossed the drink into my coffee cup. I was foolish enough to believe that the alleged "espresso" would hide some of its more unpleasant characteristics. I was wrong. It made the coffee undrinkable, too.

I had not forgotten my first taste of Malibu when, a few months later, I met the brand manager. An adolescence spent reading Raymond Chandler made me think the drink would originate in California, but I thought I should check.

"Where does it come from, your Malibu?" I asked. "Malibu comes from paradise and tastes like heaven," said the brand manager. Then he smiled and added that, in this instance, paradise was Harlow, in Essex, where the drinks giant IDV had its headquarters.

I have seen a bit of Harlow in my time. If that was paradise, I thought, then we had all better start looking into the other place before we shuffle off our mortal coils. I, for one, was not going to put up with an eternity of Malibu as nectar.

Malibu has been a big success but, for every drink like it, there have been handfuls of bold conceptions consigned to the kitchen sink of history. What happened to Bezique? Mirage? Midori? Where are Greensleeves and Topaz?

When I rooted around at the bottom of a cupboard the other day, I came up with a miniature of something called Montezuma, which I do not recall having seen on the shelves of any dingy bars these past few years. Amanda looked even more peculiar. I opened the little bottle. Out came an unlovely brown liquid which did not exactly recommend itself for drinking: over the years it had curdled, and now looked like a cup of coffee left out in the sun too long.

An ever-hopeful bad penny is the drink known as a wine cooler. Some of these were launched one miserable, liquid summer when everyone was shivering under their raincoats and the drinks "sensation" proved a flop. There are still plenty of them about, however, and Taboo has been hewn from the same rock.

Flavoured wines really succeeded only in their sparkling versions. There was one named after a television station (or vice versa), and another called "Peachy" which someone once described as "smelling like the urine of a fruit bat". Wines such as Thunderbird and Concorde are rather more downmarket; almost at the level of meths. "Thunderbirds are go," says my local off-licence manager, "but Concorde gets you there rather faster."

One of the most successful sections of the novelty drinks market has been cream liqueurs. International Distillers and Vintners laughed all the way to the bank with Bailey's, a concoction which has sired a mass of illegitimate children.

In a shop recently, I encountered Irish Velvet and Carolans. The latter came complete with a comforting inscription in Irish – a tongue used also to recommend a complicated looking bottle called Sheridans. Sheridans is actually two bottles welded together. One contains a white liquid, the other black. You pour the black in first then top up with the white, like an Irish coffee.

"It's actually rather good," says the off-licence manager, but he doesn't see it selling. "They don't seem to have advertised it on television." If they are not careful, Sheridans could join Bezique and Montezuma.

One category of new drinks which excites my middle-aged rage is "schnapps". These sweet, fruit-flavoured drinks bear no relation to the divine distillates of central Europe. In Louisville, Kentucky, I was offered a glass of schnapps as a nightcap and, thinking it a German spirit, I accepted. It turned out to taste like a mixture of liquid sugar and toothpaste.

Big companies such as IDV manufacture these brews in a desperate attempt to capture the young drinker who haunts louche bars and nightclubs. The more sensible of these probably drinks bourbon whiskey (with cola) or a fashionable vodka, such as Absolut from Sweden.

In this world, fashion is everything; and if you fail, then a lot of sticky liquid has to be poured away. Beer is one of the most fickle fashions of all but, as I have had cause to say, it is generally the worst which tends to catch on.

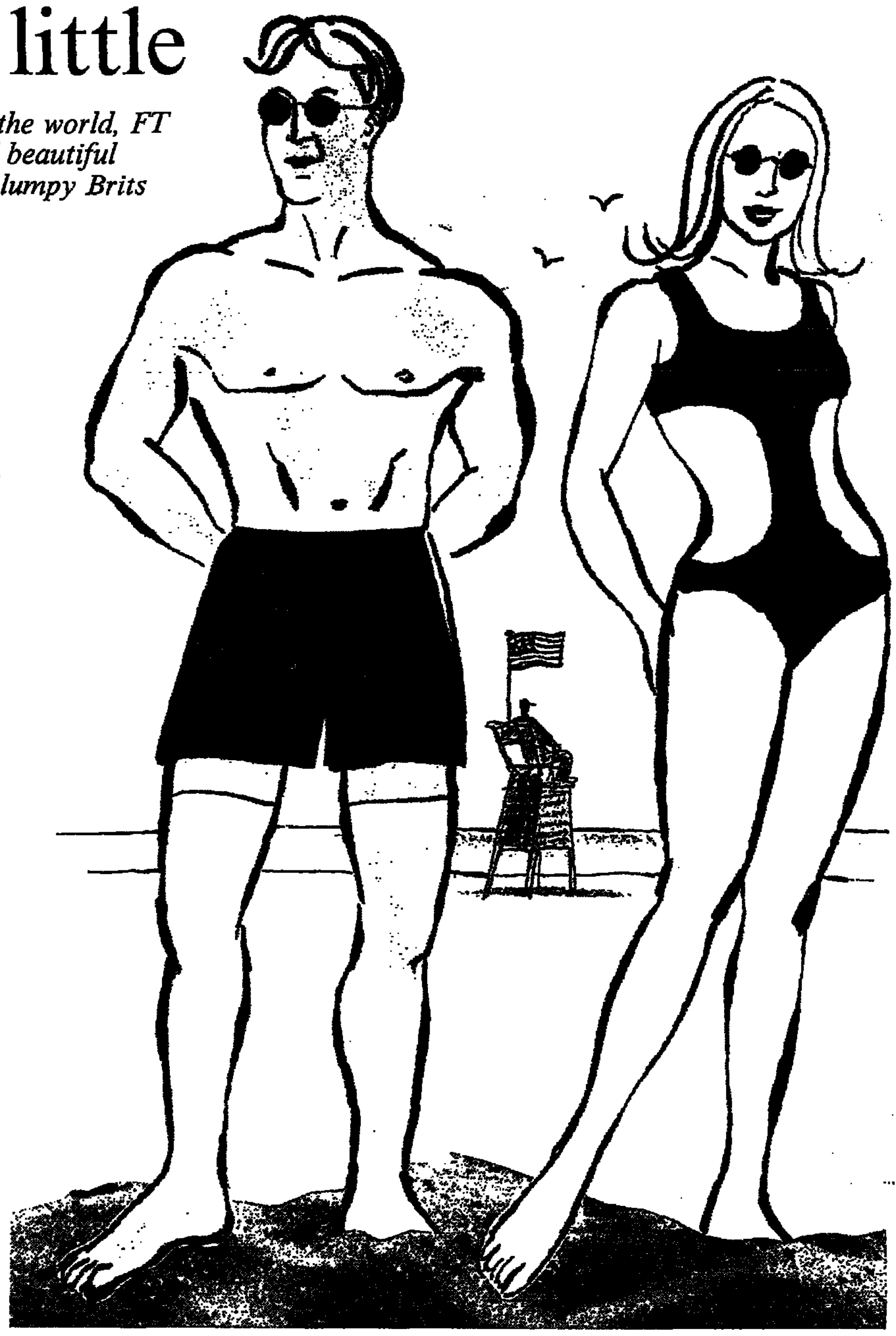
Perhaps I should make a rash prophecy for the rest of this year? More awful American beers will hit the market. Someone will dig up Texas Lone Star or Dixie. Worse, a brewer will begin to make America's most lacklustre beer – Old Milwaukee – under licence.

In the meantime, you can bet your life that Cadbury's Cream Liqueur will not take up even a millimetre of my shelf space.

FASHION

Art of wearing very little

In our series on dress codes around the world, FT writers go to the beach and find beautiful Americans, freezing Germans and lumpy Brits



TOKYO

Michiyo Nakamoto

On the beach, young Japanese feel they have a freer hand in creating their own image than they do elsewhere.

On Japanese beaches, and in Hawaii, young Japanese men and women can be seen in swimwear of all styles and colours. Anything goes, from tight, black, macho-man trunks to loose-fitting cut-offs in bright colours, for the men.

But increasingly, younger Japanese men are developing a clear taste for loose-fitting clothes in bright colours that are the trademark of Californian skateboarders. Surfer culture is also a strong influence on young Japanese who can often be seen in mid-winter bobbing up and down on the miserable waves like penguins trying to reach the shore.

The style favoured by many attached to the beach consists of a T-shirt about five times too large, and very baggy cut-off shorts, often in a loud, psychedelic design. Socks must also be longish, loose and, more often than not, in shocking pink or fluorescent orange.

Footwear tends towards the heavy-duty trainer or mountain-climbing shoe.

Bangles, earrings and other accessories reminiscent of the hippy style in the 1960s are also in vogue.

The popularity of Brazilian footballers playing in Japanese professional teams has started a fad for colourfully woven wristbands called "missanga" or promise rings.

Fashion on the beach is just as varied and adventurous for the women, who wear everything from leotards, cut to mid-hip, to swimsuits complete with frilly skirt and bathing cap. G-strings and nudity, however, are definitely out.

Japanese women do not seem to feel the same need to advertise designers on the beach as they do in town.

The only names that speak loudly on the beach are Elle, after the French fashion magazine, which can be seen on everything from bathing suits to towels to thongs, and, usually much more discreetly, Moschino.

FRANKFURT

Christopher Parkes

The pictures on German fashion pages suggest that a slender young man Nureyeving through the surf in an up-to-the-minute version of a Betty Grable swimming costume is the apogée of unisexiness. The reality on the windswept beaches of the Baltic, where the sea is *very* cold, is less impressive. As a consequence, high-fashion swimwear is not at all common.

In spite of their well-deserved international reputation as beachwear fashion snobs, this is a place where many Germans go and leave their peacock tendencies at home with the cat. The beaches are fine and spacious, dotted with clumps of windbreaks, and populated in the main by people intent on having a bracing, healthy time.

They are places for extremists. For many, a Baltic holiday is preferably spent bundled up in woollies, contemplating supper while patrolling the shallows in bare legs and knobbly rubber bathroom shoes.

In spite of the chill breezes others eschew any bodily covering apart from neatly trimmed hairy bits. They warm up by burrowing into shared foxholes where they lie low, out of the wind, tanning parts other holidays cannot reach. The observer or the voyeur can often detect their hidey-holes from afar by the presence of a plume of smoke from a fire or barbecue.

Otherwise look out for the most extravagant of beach accessories: an all-terrain buggy or Jeep. It will be draped with garish wet suits and sailboards, and parked next to a makeshift rig of two poles set 20ft apart and joined at the tops by string.

This is a clear warning for the squeamish to keep at a safe distance. Beach volleyball played by teams dressed only in dabs of thick white sunscreen is not a pretty sight.

PARIS

Alice Rawsthorn

Anyone who wants to know how the French dress on the beach need look no further than the fun-filled pages of Paris-Match magazine and the inevitable pictures of the Monaco princesses, the elegant Caroline and her wayward little sister, Stéphanie.

Caroline, the uncrowned queen of the *bon chic bon genre* set, embodies the chic side of Gallic beach style. Her trademarks are a series of sporty but stylish swimsuits in black or white, a light tan, a hint of discreet gold jewellery and little gold-rimmed shades, the 1990s successors to the Ray-Ban Wayfarers she sported in the 1980s.

Then there is her entourage – her three exceptionally cute children, plus assorted, but equally decorative, hangers-on, and Vincent Lindon, the attractive actor she usually has in tow.

The children are as nattily dressed as their mother. The two boys race around in bright bermuda shorts. Charlotte, the little girl, favours a series of pastel pink swimsuits with co-ordinating water-wings. Lindon completes the scene in an adult version of the boys' bermudas and little gold-rimmed glasses, just like Caroline's.

Stéphanie paints a very different picture – on and off the beach. She typifies the *other* side of Côte d'Azur style, as the epitome of the Eurotrash look.

If Stéphanie wears anything at all on the beach, it will be a brightly-coloured, badly cut swimsuit that shows too much flesh, or a little bikini emblazoned with fluorescent swirls. Daniel, her former bodyguard and now the father of her baby son, struts around in tight-fitting trunks of a similarly lurid hue.

He and his girlfriend even share the same taste in beach accessories. Excess is the name of their game.

They like *lots* of jewellery – gold chains for Stéphanie, a medallion for her man – together with deep-fried tans and his 'n' her's Ray-Ban Wayfarers: the sort of shades that Stéphanie's elegant elder sister discarded years ago.

NEW YORK

Patrick Harverson

New Yorkers love the nearby beaches of Long Island, New Jersey and Connecticut, but not just because they offer a welcome respite from car fumes, crowded streets and humid summer days of 90-degrees heat.

Beaches are also popular because they offer a rare opportunity to disrobe and display. Off come shirts, blouses, skirts and trousers and out come flat stomachs, trim thighs, firm pecs and tight bums. All that time spent on the stairmaster at the Health & Racquet or the Atrium, or under a Park Avenue plastic surgeon's knife, has to pay off somewhere. Where better than on the beach.

Thus, when it comes to beach wear, body-conscious New Yorkers prefer fashions that show off their gorgeous physiques to best effect. Less, however, is not necessarily best in this respect. The shoe-lace-thin thong so beloved of Californian or Mediterranean beaches is definitely not for New Yorkers.

For women, swimsuits are preferable to two-pieces, unless it is something retro such as a bronze bandeau-topped Calvin Klein bikini or a ruffle white bikini by Norma Kamali – you know, the Hollywood starlet look. For swimsuits, anything by Ralph Lauren is popular, as are the more eccentric designs by the likes of Gottex and Trulo.

Life is less complicated for men who want to flash their flesh, and thankfully New Yorkers are extremely unfussy in this department – monotone white, black and blue trunks look best with the Johnny Weismuller body. For the truly cool, however, the idea is to look as active and sporty as possible, which is why so many men prance about on the beach in bike pants worn under basketball shorts.

For those of us less Adonis-like in form, there is refuge to be found in the perennially popular baggy shorts and T-shirt. It doesn't matter who designed it, it just has to be wide, long and very, very loose – perfect cover for the imperfect form.

LONDON

Brenda Polan

Quite justifiably, most Britons do not believe in beachwear. They may have moved on from the picture postcard cliché of rolled up trouser legs and corner-knotted hanky, skirt bunched into knickers and blouse untucked, but not by much.

Even the smartest and most hedonistic of young Britons are as puritanical as their pragmatic elders in this respect. For an annual holiday of two weeks, special clothes are hardly a sound investment.

Certainly, should it ever be made, it is not an investment which can be repeated too often. Thus a British couple is instantly identifiable on any of the beaches of the world. She is the one who has managed to defeat DuPont. Victim of salt water, sun, detergent and age, the Lycra in her 10-year-old bikini has long since given up its claim to elasticity.

Unlike the Italians under the next umbrella whose brightly coloured, ever-changing wardrobe of matching pareos, shorts, shirts, robes, leggings and sculpted swimsuits, she deems flashy and ridiculous, she arrives at the beach each morning in the same faded denim skirt or wrinkled leggings, the same baggy, once-glittery T-shirt or limp singlet. She wants to be sure her nice new clothes, the ones she is going to wear to do the market or hit the disco, do not smell of sun tan oil.

Her consort is even warier. He is wearing his favourite baggy chinos, the ones in which he gets under the car every Sunday morning, topped by his favourite shapeless, colourless T-shirt, the one with the grease stain which won't quite come out.

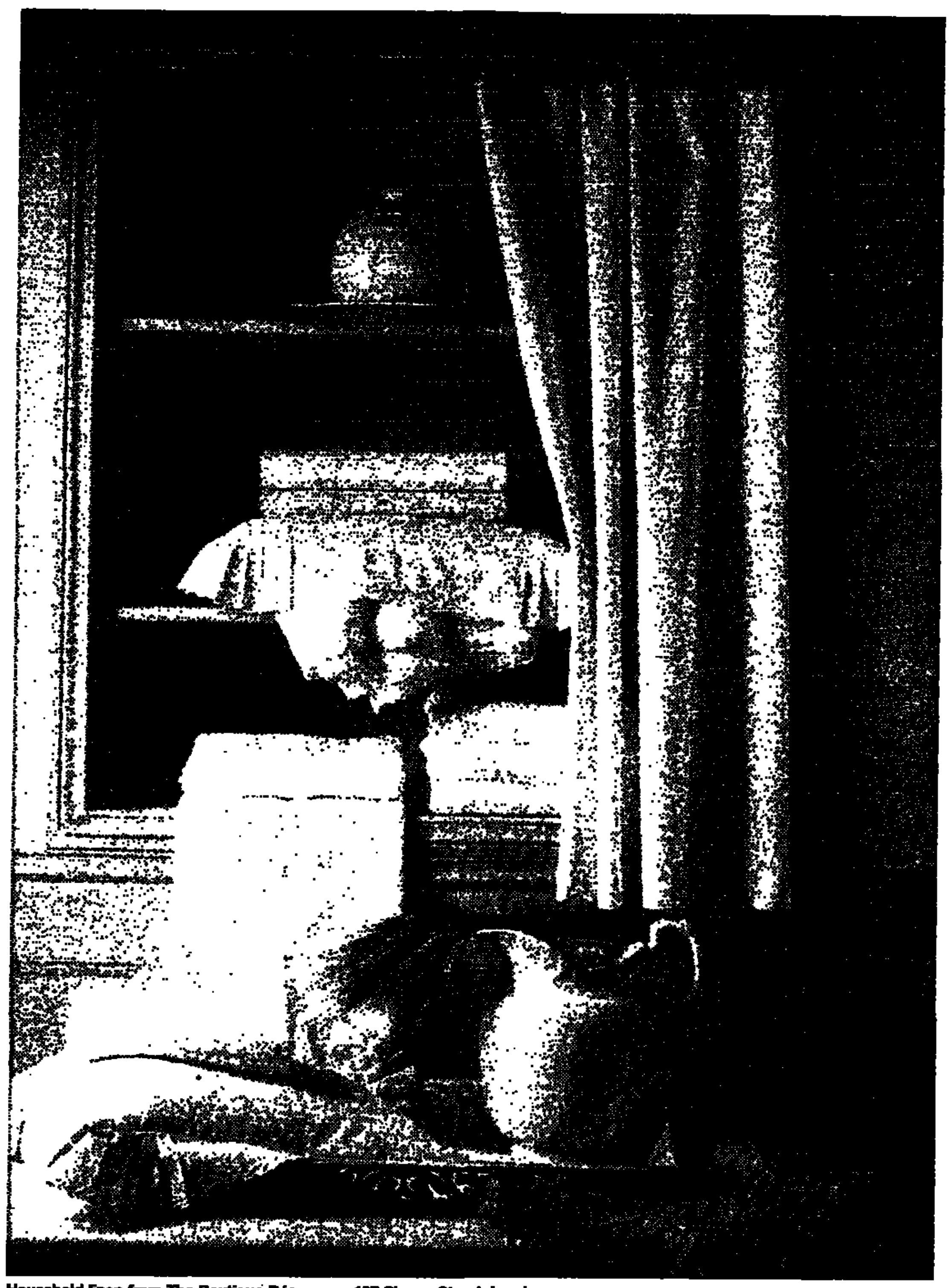
When he strips, he reveals saggy knee-length swimmers luridly patterned in shades of purple, lime green and orange and secured perilously low on his hips by a washing-machine-abused whitish cord. He is proud of the figure he cuts in these low-crotched drawers. He actually gave up his ancient posing pouch back in 1989 when everyone in Marbella was wearing long shorts and a Swedish girl he met remarked on how sexy the holidaying Frenchmen looked in them.

Both wear cheap, witty straw hats from the local market above their RayBans. They will take them home to join the dozens already cluttering the hall cupboard but they won't pack them for their next holiday. They like buying new ones too much.

The same goes for footwear. He, of course, would be quite happy to wear his trainers but the plastic jelly sandals in the market were too silly and too cheap to resist. She, of course, always brings an extra carry-all to accommodate her inevitable street-market purchase of 18 or so pairs of brightly coloured shoes which look such fun in the sun and so tatty by grey northern light.

■ *Drawings: Lucinda Rogers*

Victorian-style crunchy cotton bedspread by The White Company



Household linen from The Boutique Déscamps, 197 Sloane Street, London

Pleated and lace-trimmed cotton bed linen by The White Company

Fine goose feather and down pillows and cotton pillowcases from Miller & Schültz

All white on the night

***Lucia van der Post** has been thinking pure thoughts as she samples some fine linen*

As Ralph Lauren once memorably put it: "White in design has no competition. White in design owns its own world. For expressing purity – whether in a beautiful linen suit, a cotton T-shirt, or a towel – white is simple, elegant, and fresh." Yes, yes and yes again.

Clearly Christian Rucker, lately of Harpers & Queen's beauty department, thinks likewise. Next week she launches a mail order business given over to nothing but the delights of white.

The business, you will not be surprised to learn, is called The White Company and it strikes me that she has hit on a small, exclusive and desirable niche.

She offers a small range of household goods, mainly bed and table linen and also some china, but the main criterion for selecting the products has been quality and price.

There is about the company a sweet, old-fashioned air. There are pure white cotton hand-embroidered sheets based on an antique design owned by a collector of fine linens.

A set of double sheets is £107.50, king-sized is £115.50, matching pillowcases are £21.50 for the standard Oxford and £28.50 for the continental size.

Plain linen sheets, which are usually hard to track down and cost a small fortune when one does, are available at £205.50 for a double set, king size is £305.50. Hemstitched, they are classically plain and luxurious.

Thick white cotton bedspreads from Portugal cost £55.50 for the single size, £75.50 for the standard double and £85.50 for the king size.

Linen damask hand towels, a splendid wedding present, are £15.95 and £19.95 while the crunchy white cotton towels are £15.50 for the bath sheet, £9.50 for the standard bath size.

A set of four, hemstitched, pure Irish linen napkins is £42.95 and there is a range of white bone china to go with them. Anyone who has tried to buy linen recently will see at once what good value is offered.

The brochure will not be ready until March 15 but requests can be made now by post to The White Company, 166 Bishops Road, London SW6 7JG or by telephone on 071-384 1388.

Descamps household linens are always ravishingly pretty and Primrose Bordier, its chief designer, originally sprang to decorative fame with exquisitely pale and ethereal florals.

These days she, too, offers a purer, more streamlined aesthetic vision and Blé (the name is French for wheat) is a subtle exercise in shades of cream and white.

Prices are £98 for a double duvet cover, £55.90 for a double flat sheet, £37.90 for a pillowcase, and from £18.90 for embroidered hand-towels.

The full range can be seen at: The Boutique Descamps, 197 Sloane Street, London SW1X 9QX (and by mail order); Liberty of Regent Street, London W1; and Harrods of Knightsbridge, London SW1.

Those who sleep on the large feather pillows that are so prevalent in continental Europe usually become fond of them and might like to know of a reliable source.

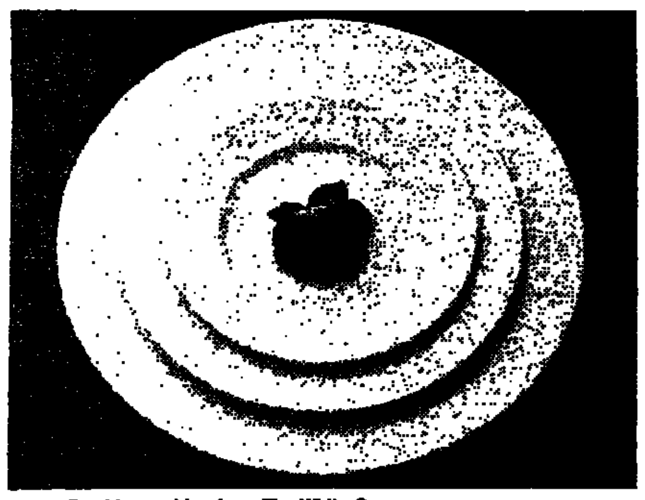
Miller and Schültz imports high quality German pillows and bed linen. The pillows are huge – 31½in by 31½in (80cm by 80cm) and are filled with feather and down.

Large pure cotton pillow-cases to fit them have piped edges and button fastenings. A goose-feather pillow and scalloped white cotton pillowcase together cost £27.50. Duvet covers are also available at £19.95 while goose feather and down pillows (the same size) are £29.50.

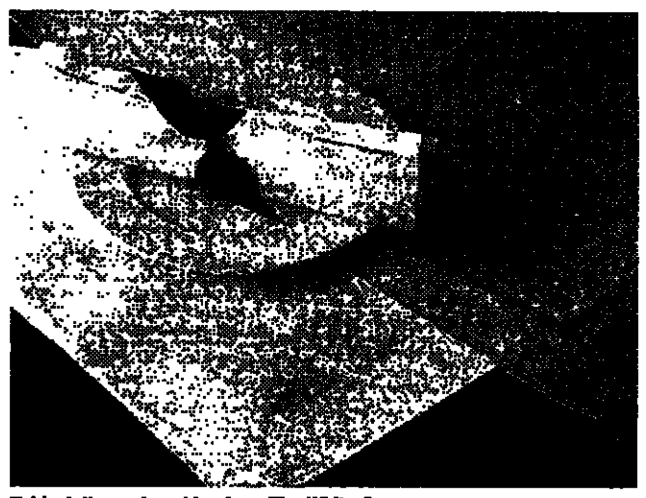
All from Miller & Schültz, South Kenwood, near Kenton, Exeter, Devon EX6 8EX. Tel: 0626-891672.

Anyone interested in the full aesthetic possibilities of white might like *White By Design* a book by Bo Niles. Available in paperback (£14.99, published by Stewart, Tabori & Change), it is a visual and verbal exploration of the many moods of white – from clean, streamlined and modern, to soft, gentle and romantic.

There are rational, hard-edged buildings, exquisitely sophisticated interiors, and soft, romantic rooms. Those longing to create tranquil, graceful interiors to replace the frills and chintz will find it a great source of visual inspiration.



Streamlined bone china from The White Company



Tablecloths and napkins from The White Company

Storing for the future

***Lucia van der Post** looks at exciting plans for House of Fraser*

To all those who have predicted that the end of the department store is nigh, Brian McGowan, chairman of House of Fraser, wishes to send a message: not only are the obituaries premature, he says, but House of Fraser is so confident of its survival that it is planning to invest £80m over the next three years in its future.

In case no-one has noticed, the Fayed brothers, who so offended Tiny Rowland by paying £615m for House of Fraser in 1985, have already spent £120m on refurbishing House of Fraser stores. No-one, least of all the Fayeds, does that if they do not think there will be a return.

To most city-watchers, Brian McGowan is best known as half of the duo that built up Williams Holdings. The Fayed brothers managed to lure him away from his fishing, tennis and skiing-filled retirement to nurture the House of Fraser group – minus Harrods – to its reflotation next month.

"When I agreed to become non-executive chairman I expected to find a group that had been milked, neglected and underinvested in, and found it was simply not true. Cuts had been made. The group had been trimmed, more than 30 stores closed and the number of employees dropped. But all over the country the big, old names were being polished, revitalised, new life breathed into them."

We all know that the department store is not what it was. Many grand old names have bitten the dust – Marshall & Snelgrove, Debenham & Freebody, Derry & Toms and Pontings. Once upon a time a visit to one was a high point in a fashionable lady's week and Lady Jeune, a fashionable woman-about-town at the turn of the century, wailed about the overwhelming temptations of the department stores.

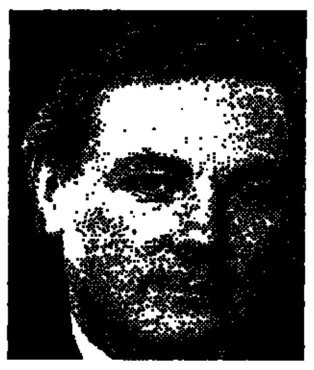
Brian McGowan admits that it is probably a long time since most of us have been overtaken by temptation in a department store and the top priority of the new team at House of Fraser is to make the shops seductive once again.

Says McGowan: "For years, department stores had the business to themselves. Then came the rise of the boutique and the life-style merchandisers, such as Next, which took business away from them because they hadn't got their act together.

"To survive, they have to change, like everything else. We've got to make them attractive places to go to, offer decent loos, somewhere for the kids, a special feeling of belonging to a club that they like to drop in on."

McGowan adds: "We have to concentrate on service. Not just people being pleasant but staff that know the products and care about them.

"But we have lots of things going for us. To begin with the group has some wonderful names and buildings. Kendals of Manchester, Rackhams of Birmingham, Frasers of Glasgow, Howells of Cardiff – these are marvellous buildings, some a bit faded and in need of a facelift, but they are part of the history of their cities.



McGowan: a challenging role

"Then, demographics are on our side. Traditionally our customers come from the more affluent members of the older age-groups – our 'core' customer being between 35 and 54 – and as more of the population becomes affluent and older our customer base is growing."

Recent retailing history would seem to bear this out. Through the recession the profits of the top 20 high street names – Next, Laura Ashley, The Body Shop and the like – have tumbled while the top three store groups, John Lewis Partnership, Debenhams and Fenwicks have been relatively stable.

In the years when House of Fraser was privately owned, profits were a well-kept secret. As it prepares for reflotation at the end of the month it has had to disclose its figures and most store-watchers were surprised to find that operating profits at House of Fraser had risen in the last year by 24.7 per cent to £45m.

"It is true," says Andrew Jennings, House of Fraser's managing director, "that our return per square foot is relatively low but that gives us a great opportunity to do better in future."

For House of Fraser customers who long for more individuality and personality in their stores the strategy devised by Andrew Jennings looks promising.

He wants to restore local character to the stores. The days when central buying decided what customers from Inverness to Plymouth would be offered are over.

"Our stores range in size from 12,000 sq ft to 340,000 sq ft. They serve country farmers, old ladies, young men, city dwellers, affluent and not-so-affluent. Clearly they cannot and should not all be the same." He is fond of emphasising that "House of Fraser is an umbrella not a mould".

Andrew Jennings sees department stores now as "a collection of speciality businesses under one roof". In other words, what they can offer the customer is a sense of smallness of scale, of human proportion, of proper focus – all qualities that attracted the department store customer to the better boutiques. In addition, of course, the department store can offer diversity.

Between them McGowan and Jennings make a formidable team. Their ambitions are immense. Quite simply they want House of Fraser to be the leading upmarket store group in the UK by the end of the century.

Maastricht turns up Trumps

Susan Moore looks forward to this international fair which opens next week

Drastic changes were anticipated at this year's European Fine Art Fair at Maastricht. The fair, which celebrates its 10th anniversary in its present form, was to have implemented its long discussed "rationalisation". Unsurprisingly, two improvements have proved too difficult to implement: the re-organisation of the vast and labyrinthine floorplan at the Maastricht Exhibition and Congress Centre (MECC), and a corresponding cut in the number of stands.

"There were something like 16 proposals for different floorplans," explains board member Ben Janssens of London's Oriental Art Gallery. "None met with the exhibitors' universal approval." So, the "Union Jack" layout is still with us – an ironic if unwitting motif for the town of the much maligned treaty. As for the fair's reduction in size, it is a measure of its commercial success that hardly any exhibitors could be persuaded to pull out.

Happily, the reformers have made some progress in tackling the fair's one weak line: contemporary art. No longer will one have to run the gauntlet through a hotch-potch of dismal stands of unedifying, predominantly Dutch contemporary art to enter the fair proper. Great effort has gone into improving the quality of the exhibitors and the appearance of this area and, crucially, the emphasis has moved away from contemporary art to the established modern masters.

This year a number of leading international dealers have been lured to the fair, largely thanks to the good offices of Leslie Waddington, who was invited to join the Maastricht board last year. The Mayor Gallery, for instance, from London has come with Roy Lichtenstein and Paul Delvaux; Galerie Kaj Formsblom of Zurich has brought late Picasso and Miró and to mark the 50th anniversary of Mondrian's death, Borzo of 's-Hertogenbosch presents no less than 50 paintings by the Dutch master. The Marlborough stand shows Bacon and Kokoschka; and Waddington, who was astonished by the amount of business he did last year, offers a brutalist Appel and Dubuffet.

The improvements bode well for the fair, but Waddington believes it will take two or three years to make Maastricht the pre-eminent modern art fair. It is vastly to the organisers' credit – and a major factor of Maastricht's continuing success – that it is genuinely and relentlessly self-critical.

'Ulysses Threatening Circe' by Willem Van Mieris on the Colnaghi stand

Maastricht can also claim to be the one truly international art and antiques fair – quite different from a national fair with a few distinguished foreign guests to add extra cachet. The 1994 event comprises some 149 major dealers from 10 countries. Almost half of last year's 40,000 visitors came from outside The Netherlands.

Here, the emphasis is on content rather than presentation. The advantage gained by low exhibiting costs is the profusion of large-scale glorious tapestries, carpets and textiles in the Textura section. Antwerp-based Bernard Blondeel is indeed coming well armed with tapestries this year, among them a Gobelins representing the month of August from the series *Les Moins a Arabesque*, woven for Louis XIV's daughter Marie-Anne de Bourbon, Princesse de Conti.

Maastricht's great appeal is that one never knowns what one will find there – although the exhibits do have a markedly Northern character, most notably in the picture section which always presents an unrivalled selection of Dutch and Flemish Old Masters. Here it is possible to have too much of a good thing, for exhibitors and visitors alike. One dealer last year claimed he counted no less than 25 landscapes by Jan Van Goyen.

True to form, this year's highlights range from new exhibitor Matthiesen's Jacob Jordaens to Agnew's Rubens oil sketch. More unusual is Milan-based Rob Smeets' "Venus at the Forge of Vulcan" by the 18th century Venetian Francesco Fontebasso. Johnny Van Haeften's offering of Isaack Koedijck's "Barber Surgeon tending a Peasant's Foot" must rank as the least enticing prospect of the fair.

Alongside the specialist paintings and drawings, Textura and modern art sections, are Oriental and Western works of art. Antiquities, books and manuscripts and Le Haute Joaillerie du Monde.

Dealers of jewellery and objet d'arts like London's Ermitage tend to show in the works of art section. This year they present no less than 100 Fabergé objects for sale.

Le Haute Joaillerie du Monde is altogether more glitzy. Harry Winston of Paris and New York, master of the Hollywood-Hello! school of *kitsch* who has given us real Judy Garland ruby slippers and the world's largest green diamond, this year presents the tiara he created for the marriage of Marla Marples and Donald Trump. Incorporated into the tiara are some 325 white diamonds, 104.88 in carat weight. At $2.5m, it is costly memorabilia.

Even these baubles are in danger of being outshone by the loan exhibits this year. "Treasures from the Hermitage" presents a choice and wide-ranging selection of 60 works of art from the legendary collections amassed by the tsars. Some are leaving St Petersburg for the first time.

From the Siberian antiquities collected by Peter the Great comes a gold griffon, its claws sunk into the back of a goat, dating to the 5th-4th century BC. Boucher's "Flight into Egypt", as delightful a confection as any mythology, is here via Madame de Pompadour and Catherine the Great. The latter's spectacular Old Master collection is also represented by a grand van Dyck self-portrait and Ruisdael's "The Swamp".

There are desks by David Roentgen, and a harlequin games table by Abraham and David Roentgen at Galerie Neuse. The other exhibits range from a Russian icon and a Byzantine pyxis to the entwined soapy limbs of Rodin's Romeo and Juliet.

Maastricht also offers lecture and music programmes. The latter also has a Russian flavour. On March 18, the Kiev State Opera presents Moussorgsky's *Khovanshchina*. Also running concurrently with the art fair is a new international trade fair at MECC, Art Collecting and Protecting, presenting equipment relating to restoration, storage, climate control, transportation and the security of works of art.

The European Fine Art Fair runs at the Maastricht Exhibition and Congress Centre, March 12-20. Opening hours 11am-8pm, 11am-6pm weekends. Tickets for the private view, the fair and the handbook are available from the TEFAF secretariat, Tel (073) 145165. Sabena World Airlines again offers all fair ticket holders a 50 per cent discount on first and business class flights to Brussels, and a courtesy shuttle service between airport and fair.

Video/Nigel Andrews

Fun with fish out of water

Fifteen-odd years ago, in the dawn of "high-concept" thinking, Hollywood suddenly had a brainwave. "Fish out of water!" it cried, smiting its brow at a power breakfast somewhere on Sunset Boulevard. It had had the idea for a surefire plot device. This was to throw the main characters of movies into alien environments or predicaments to see what happened.

Passing for an original notion, this caused 1980s cinema to be plagued with wacky whimsies like *Three Men And A Baby* and *Good Morning Vietnam*. But the well-schooled movie buff, unlike the rulers of Tinseltown, knows that every good story is basically a fish-out-of-water one anyway.

Look at March's video releases. Old movies and new draw their panache from the spectacle of characters out of their depth or element. For cinema has *always* used its magic carpet facility – geographical or geo-spiritual – to catalyse characters into a new awareness.

Some thrash for sexual survival, like Glenn Ford thrown on the cruel mercies of now-married ex-girlfriend Rita Hayworth in the incomparable "noir" thriller *Gilda* (Columbia TriStar). This sizzles all the way up to and beyond Miss H's famous glove-striptease as she sings "Put the blame on Mame": a sequence which seems to get into every history-of-Hollywood documentary.

Other heroes and heroines gulp more comically for air, like Cary Grant and Irene Dunne as the married squabblers thrown from yesterday's bliss into today's divorce proceedings in the 1937 screwball classic *The Awful Truth* (Columbia TriStar); or like the all-star guests of *Grand Hotel* (Warner), who include John and Lionel Barrymore and a Greta Garbo who actually *says* here her famous tag-line about "vaunting to be a-lawn."

Other characters in film history show there can be a grimmer tragedy in displacement: like the homesick soldiers of Renoir's *La Grande Illusion* (Arthouse), the greatest of anti-war films; or like the aristocrat's daughter (Louise Brooks) thrown into brothel, then reform school, in G.W. Pabst's powerful, *Lulu*-esque cautionary tale from 1929 *Diary Of A Lost Girl* (Tartan).

But Hollywood was right in one sense. The fish-out-of-water idea *is* at its best in comedy. This month four leap to your attention. *Much Ado About Nothing* (Entertainment) is one of those typical Bardic comedies where a gaggle of English-sounding wits is found wandering for no good reason around Italy. But how witty they are in Kenneth Branagh's film. Master Ken and Miss Em speak the verse with relish; the improbably cast Americans excel (Denzel Washington, Michael Keaton, Keanu Reeves); and the scenery (Tuscany for Shakespeare's Sicily) offers the kind of burnished, beautiful terra firma where few fish could resist jumping out of their native element.

For an American pairing of f-out-of-w comedies, what better than *In The Soup* (Tartan) and *El Mariachi* (20: 20)? The first is about an aspiring film-maker (Steve Buscemi) pushed by funding needs into the arms of a Mafia boss (Seymour Cassel) with his own delusions of movie-making genius. (A modern screwball comedy and a good one). The second film is a high-style parody Western directed by Robert Rodriguez as if he had overdosed on the movies of Sergio Leone. Its hero stumbles into a mistaken-identity imbroglio as intricate as, and funnier than, Shakespeare's *Comedy Of Errors*.

But to conclude, what is comedy of disorientation without Tony Hancock? Fans should rejoice that his 1963 film *The Rebel* (Lumiere) has at last come to video, in which our East Cheam cultural climber goes to Paris to become an artist. In short order he meets Salvador Dali lookalike Dennis Price, is corrupted by dealer George Sanders, has a series of cherishably daft Hancockian monologues, and finally returns home to his muse, inspiration and landlady, the lovely Irene Handl. Vintage.

Alastair Muir

A Puckish, exhilarating, tearaway force: Michael Sheen as Peer Gynt, whose sensational performance is the heart of the production

A flawed but fabulous Peer

Alastair Macaulay on Yukio Ninagawa's staging of Ibsen's classic play

Mesmerising, pretentious, bold, gimmicky, revelatory, exasperating – Yukio Ninagawa's staging of Ibsen's *Peer Gynt* has arrived at the Barbican, fresh from its world premiere at the Winter Olympics, and ready to visit Manchester and Tokyo.

It is, at every level, full of contradictions. It uses both sophisticated video effects and old-fashioned two-dimensional scenery. The text used is an audacious new translation by Frank McGuinness, but some important roles (the Troll King, the Buttonmoulder) are played by foreign actors whose diction blurs important lines; there are some beautiful performances – yet the constant air-conditioning whirr renders their softer lines inaudible. But the main performances carry the show.

Ninagawa's overruling gimmick is to begin and end *Peer Gynt* in a modern-day cityscape, with street noise and rock music and neon signs. Peer Gynt is a lone dreamer amid all this Babel. Rolling video fantasias – his fantasies – appear on a scrim: the planet turning in space, an onion revolving. Masterly stuff, but what follows is simpler and finer. Through the scrim, we see Peer, now hero of his own daydreams; and his daydreams are the wild, psycho-spiritual folk tale of Ibsen's play, into which Ninagawa plunges us so keenly (most of the time) that it becomes a bore whenever the production returns to its video effects accompanied by tepid Jap-pop muzak by Ryudo Uzaki.

Peer himself is 25-year-old Michael Sheen, whose *tour de force* performance is the heart of the whole production. The entry he makes in the third scene – zooming on through the crowd, leaping up onto a table and vaulting right off it again, legs wide apart, curly-maned – sums up his exhilarating, tearaway, Puckish force. In Acts I, II and III, he is a light-voiced, Welsh country boy, his eyes alight with youth and fancy; in Act IV he plays at being a mature English toff, a debonair *poseur* abroad; and in Act V he is a weary old man, his voice heavy, dark, his eyes anguished and lost. This is sensational, heart-catching acting.

The wedding scene into which he comes over that table is the most marvellous of all. Long before the bridegroom speaks, he is brilliantly impinged on our minds – feckless, knock-kneed, drunken and forlorn, unable to find his bride, pathetically copying Peer. (He tries to vault the table, and fails.) When Solveig (Catherine White) arrives, quiet and soft-spoken with haunting Meryl Streep cheekbones, she is shyly luminous. Then Ase, Peer's mother (excellent Paola Dionisotti) enters, angry, loyal and defensive, leaning on a stick yet furiously kicking her heels in the air. Wonderful, every bit of it.

By making the Nordic scenes Irish, McGuinness's translation catches the resemblance of the first three acts to the naive ebullience of *Playboy of the Western World*. There are a few needless liberties; but this version conveys the play's wonderful mixture of colloquialism and metaphysical poetry.

Too bad that the trolls are crummy Kabuki gonks; and that the rake's progress scenes of Act IV are (Ibsen's fault) too long; and that there is no great tension to the Buttonmoulder scenes in Act V. All Peer's human relationships are vividly achieved. Glorious to see how both Peer and his mother have the same way of hitting out at the air; how, after Peer has knocked himself out by charging into a wall, the Green Woman comes jumping on, over his supine body; and how old Solveig rests the aged Peer's head on her breast as she sings him a lullaby – the mother to this prodigal son, the Gretchen to this Faust. Flawed; and fabulous.

At the Barbican until March 12; at the Palace Theatre, Manchester, March 17-19; and at the Ginza Saison Theatre, Tokyo, April 20, for 10 performances.

Lisbon takes up the laurels

Antony Thorncroft on plans for a populist capital of culture

European Capital of Culture is a pass-the-parcel game in which each year a different city gets the title, and a little European Union cash, and encourages the world to come and unwrap it.

Some years the world yawns – it was pointless giving the accolade to Paris and Madrid, who largely ignored the event. Some years it has a real impact. Glasgow, the UK's choice in 1991, has retained its unlikely reputation as an artistic power-house, and in 1993 Antwerp attracted 10m visitors to its vigorous programme of culture as a global band-aid.

This year Lisbon gets the laurels, although, as always, some poison ivy has crept in. These events have a ritual: great local pride and excitement, ambitious plans, and then a nasty wrangle about who picks up the bill for the party, which in this case is estimated at over £30m.

In Lisbon the socialist mayor has come up with his contribution but the conservative government is still blustering. The delays have caused cancellations – of a production of *Carmen* and a planned exhibition by Portugal's most celebrated contemporary artist, the London based Paula Rego. But once this inevitable wrangling by politicians is accepted Lisbon has much going for it.

It is the right size; it has enough, but not excessive, cultural heritage to promote; it is an individualistic, friendly, place. Also, being European Capital of Culture will help Lisbon, stuck on the Western extremity of the continent and historically looking out to the ocean, shift temporarily to the centre of the action. For almost 500 years the mainstream has passed it by. Being Cultural Capital will not change that, but at least it makes the locals think it might.

Naturally Lisbon is exploiting the title to undertake some necessary renovation. Surprise, surprise, the docks area needs regeneration; the picturesque Seventh Hill sector of crumbling 18th and 19th century mansions is being converted into a cultural ghetto; museums are being spruced up; and the main concert hall, the Coliseu, has been transformed into a cross between the Albert Hall and a circus ring.

It was in the Coliseu that the year was officially launched last Saturday. The event set the mood for Lisbon 94. As the grandees, all fur coats and small cigars, jammed the tiny street, scores of clowns from theatre group "O Bando" hurled abuse at them from balconies and windows. Lisbon's culture will have a vigorous populist ring, with massive coverage given to fado (an exhibition, scholarly books, definitive recordings) and to cinema, including the best 100 European films ever, shown over 100 days.

But if the opening concert was the signal for the locals to flock to the all night bars and firework displays, it also showed that Lisbon looks to other Europeans for cultural back up. The soloist on Saturday was Portuguese, the pianist Pedro Burmester with a sensitive performance of Beethoven's' Emperor concerto, but the orchestra was the LSO under Solti.

During the year the LPO, the Concertgebouw, the Munich Philharmonic and the Czech Philharmonic will be among the visiting musicians, and Merce Cunningham and Pina Bausch among the imported dance troupes. Even the Portuguese admit that their operatic tradition is *diminuendo*. This can have a positive side, as they will see for the first time productions of *Peter Grimes*, *Medée*, and *The Makropoulos Case*, among other operas.

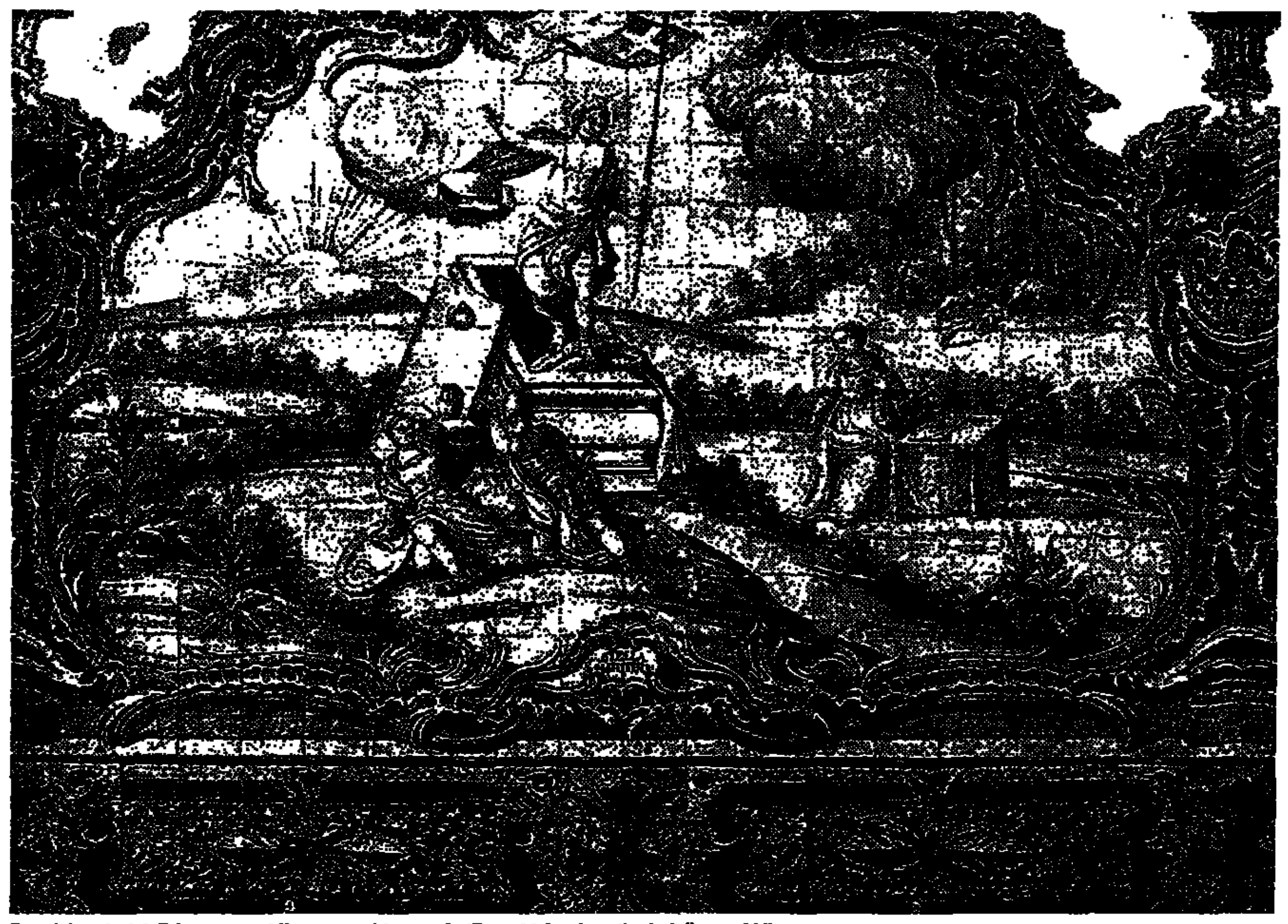
If the performing arts offer curiosities rather than mega events, visually Lisbon is on a high. This is the city of ornate Manuelist architecture, and the domestic tile, the azulejo, which glorifies so many buildings. Lisbon intends the city to be an artifact in its own right, the setting in which the restored museums present shows to attract the globally curious. The idea is to start with the traditional and end with the contemporary, fusing them in May with what looks like a stunning idea, an exhibition built around a major work by Hieronymus Bosch "The Temptations of St Anthony", and revealing how it influenced the surrealist movement.

This week the programme got off to a significant start with an exhibition of Angolan art. Here sculpture marries mythology through the rarest objects brought back in the 19th century by missionaries and merchants from the former Portuguese colony. It is the most spectacular gathering of the heritage from this part of Africa assembled. The religious power of the masks and carvings, which hardly disguise their sacrificial force, is as great as their artistic imagination. They are more mysterious and foreign than the passive images from further north in Africa which inspired Picasso.

In September comes "The Day After Tomorrow", where the leading Portuguese artists will hang alongside their international contemporaries. It offers an excellent opportunity to distinguish the particular Portuguese character, more serious, more reserved, than their Mediterranean neighbours.

In the 16th century the avant-garde came to Lisbon to be on hand when the ships battled back with the first trawl of the wealth of Africa, Brazil, India, China and Japan. The hope is that they will return in 1994. European Capitals of Culture ideally fulfil two ambitions. They should draw in the culturally inclined from overseas, who like their travel to contain some spiritual discovery. They should also help the locals to find out more about their community, past and present.

In most cases it leads to a great deal of noise signifying very little. Lisbon has the advantage that any investment in the arts will make up for years of indifference. It also has clear ideas about its domestic ambitions. It wants the people to re-discover the Tagus, the river which was the source of its prosperity and its pride, and it wants its idiosyncratic heritage to be better known at home. The discriminating foreigner will make the trip this year, but the real gain will be the laying of foundations which offer the chance of a national renaissance. This will be built not only around the restored buildings, but also in the comprehensive recordings of its music from the 13th century onwards onwards, and in its literature.



People's art: detail from one of the many old ceramic tiles which adorn the buildings of Libeon

The birth of American song

Richard Fairman enjoys Thomas Hampson's recital

Even France can see no threat from American classical music. While legislation keeps a limit on American films in the cinema and television programmes over the airwaves, there is little sign that the amount of serious music from the US is likely to stake a significant place for itself anywhere in Europe.

The Wigmore Hall has called its month's recital series "Discover American Song", which presupposes (no doubt rightly) that most people have heard very little of it. Throughout March a group of top American singers looks set to draw good audiences on the strength of their names, if not that of the music. On Wednesday Thomas Hampson proved the ideal exponent for a series like this – not just a fine recitalist, but adventurous and imaginative.

The history of American song tells of a slow severing of the umbilical cord that formed the link to the country's cultural forebears in Europe. In the early days some American composers thought that writing art-songs meant trying to sound German, even sometimes setting German poetry. It took a generation or two to develop a distinctive style, which could be popularist, jazzy, bluesy, multi-cultural in the best American sense.

The programme devised by Hampson followed the birth of the all-American song. As befits a singer who has become virtually an honorary German when it comes to performing Lieder, he started with an American composer who wrote German songs. Among Charles Griffes's early songs are settings of Heine and Lenau, music from the high noon of romanticism for which Hampson's big and beautiful baritone voice is perfectly suited.

Unlike some opera-singers, Hampson never misjudged the Wigmore's friendly acoustics. A group of songs to poems by Walt Whitman gathered together varied musical personalities, who showed what this luxurious voice can do. Bridge's "The last Invocation" was tenderly wafted, as the poem demands; Neidlinger's "Memories of Lincoln" spanned the sentimental and the heroic with equal success. In Bernstein and Ives, composers who are American to the core, he made every word count.

Is Hampson the all-American singer? Relaxed, open-hearted, supremely self-confident, he stands on the recital platform proud and tall as the Empire State Building. It is difficult to imagine many other singers who would dare try to bring off Paul Bowles's *Blue Mountain Ballads*, a quartet of Tennessee Williams' poems which blaze with the heat of the deep South, but Hampson has no inhibitions. With Craig Rutenberg's help at the piano, he made them a tour de force. An impressive evening.

Further recitals in the series on March 6, 15, 25 and 29

Great painters of patronage

William Packer reviews Gainsboroughs and Reynolds in the Royal Collections

Contrasts in Royal Patronage may be its sub-title, but the contrasts presented in this latest exhibition from the Royal Collections are of more than the one sort. Thomas Gainsborough and Joshua Reynolds were the two pre-eminent English artists of the 18th century, more or less contemporaries, both of them successful in their careers, and patronised alike at Court. Yet together they were as chalk and cheese, not enemies exactly but certainly rivals. One was equable in temperament and of steady application to his work, the other more volatile and inconsistent. Reynolds was the first President and pillar of the Academy, Gainsborough the quarrelsome founder member who at last would have nothing to do with it.

How nice the irony that it should have been the urbane and reliable Reynolds whom the conventional and proper-minded George III and his Queen, Charlotte, could hardly stand, the more raffish Gainsborough whom they adored. But personal preference never got in the way of the business of collecting, for the King bought and commissioned from both artists regardless. The infinitely more rakish George IV, as Prince of Wales, got on equally well with both of them and continued to collect their works long after their deaths.

It was Prinny indeed who acquired from Reynolds' niece, Lady Thomond, the two important mythological pieces, the "Death of Dido" and "Cymon and Iphigenia", each with its central, voluptuous reclining female nude. He had long had the small enamel copies of them, by Henry Bone, hanging in his private bedroom at Carlton House. These are late and unusual works in the *oeuvre*, representing as they do the ambition common to so many artists of the time, to succeed as a painter of history, which was to be considered a painter of the highest sort. They had been hanging obscurely within the Royal collection for many years and their reappearance now, newly cleaned, is the chief surprise of the show.

"Damn him, how various he is", said Gainsborough of Reynolds, and it is clear that the two men had a real if sometimes somewhat puzzled admiration for each other. "He often wondered at Reynolds' *equal* application", said one of Gainsborough's daughters, having remarked how her father "often exceeded the bounds of temperance and his Health suffered from it, being occasionally unable to work for a week afterwards." Reynolds, for his part, thought Gainsborough "had a painter's eye but not a painter's mind," yet had finally to concede that the painter was there nonetheless. "It is certain that all those odd scribbles and marks ... so observable in Gainsborough ... appear rather the effect of accident than design", yet "this chaos ... by a kind of magic, at a certain distance assumes form ... so that we can hardly refuse acknowledging the full effect of diligence, under the appearance of chance and hasty negligence."

Such contrast, as demonstrated in the work itself, is the true subject of this exhibition. There is Reynolds, himself magnificently diligent, the master of the full-length and theatrical machine – "The Marquess of Granby", the bald and booted C-in-C, off at the wars; "The Duke of York" resplendent in his Garter robes. He is no less impressive on a smaller, more intimate scale. He was, as some artists are – Rembrandt, Van Gogh, David – a constant self-portraitist, and the late image of himself, grey-haired, red-cheeked and bespectacled, is the most delicate and touching painting in the show.

And there is Gainsborough, all light and air, the brush flicking and dusting across the surface of the canvas, conjuring form and texture, flesh and blood out of nothing in just the way that Reynolds found so bemusing. According to James Northcote, a pupil of Reynolds, the lovely state portrait of Queen Charlotte was "actual motion, and done with such light, airy facility". Even more spectacular in this respect is the three-quarter length of the Duchess of Cumberland, the head and hair perfectly realised and the rest, sleeves, dress and bodice, a calligraphic tour-de-force, at once unfinished and as effectively descriptive as could be.

Gainsborough in 1788, dying of a tumour in the neck, sent word to Reynolds, begging "a last favour, which is to come under my Roof and look at my things ... if what I ask now is not disagreeable to your feeling ..." Reynolds came and the two were reconciled, "any little jealousies ... forgotten in those moments of sincerity." It is a nice story.

Gainsborough & Reynolds: Contrasts in Royal Patronage. at the Queen's Gallery, Buckingham Palace SW1, until December 22.

The Zurbarán exhibition previewed in Friday's Arts page opens at the National Gallery on March 9

All light and air: Gainsborough's portrait of Queen Charlotte

Off the Wall/Antony Thorncroft

Curtain up on Newcastle

The Royal Shakespeare Company is playing away this month, enjoying its annual visit to Newcastle. Following it north is Peter Brook, with his new play *The Man Who*. In May comes the Maly Drama Theatre of St Petersburg, and the première of a Michael Clark dance work. All this in Newcastle?

The city fathers may not have digested the message from Birmingham, Glasgow and Manchester that the arts can be an economic stimulant. But the Arts Council and its satrap on the spot, Northern Arts, are filling the breach, providing funding for the high-calibre visiting companies and aiding the revitalisation of Northern Stage.

Two years ago, the company was in a parlous state. Alan Lyddiard was brought in from Glasgow as artistic director and his first task was to take control of the Playhouse Theatre. Now he has created the first Newcastle International Festival of Theatre. He thinks in terms of consortia and packages, and plans a Nordic Arts festival, uniting theatres in Derry, Newcastle, across Scandinavia and St Petersburg, where Northern Stage plans to perform *Animal Farm* next year.

★

The one established cultural beacon in Newcastle occupies an inaccessible prefab under one of the Tyne bridges. From this suitably modest spot Neil Astley runs Bloodaxe, which over the last two years has doubled its sales to become the leading publisher of contemporary poetry in the UK.

About 50 books are published a year. Half make money; half do not, but with poetry now appearing on Radio One and public readings by poets assuming the appeal of pop concerts, Bloodaxe is on a high.

With established poets R.S. Thomas and Tony Harrison, rap poet Benjamin Zephaniah and pop poet Joolz on its list, Bloodaxe looks like the first specialist poetry publisher in the land to flourish for generations. It still needs £66,000 from Northern Arts to cover the cost of the poets that take years to move into the black. The hundred unsolicited manuscripts that arrive each week on Astley's desk cannot be ignored. It was this pile that yielded Glyn Maxwell's earlier work.

★

Across the Tyne, Gateshead has always felt itself the poor relation to Newcastle. But it has plans to show its innate superiority with two ambitious plans for the visual arts.

At the entrance to the town, on the A1, Gateshead is proposing to erect a mammoth metal sculpture of an angel, designed by Anthony Gormley and cast by British Steel. It will be 150ft high with a wing span of 60ft. It should be ready by in two years time, when the northern region becomes the Arts Council's key venue for the Year of the Visual Arts. The work will cost at least £150,000 but Gateshead is confident that trusts, sponsors and British Steel will contribute to make the project possible.

By 1996 Gateshead also hopes to have opened part of the region's largest art gallery, the converted Baltic Flour Mill on the banks of the Tyne. This is the north east's main candidate for Millennium Fund money from the Lottery. It will cost around £10m to convert the mill into a gallery, which will be used for visiting exhibitions. Lord Palumbo, outgoing chairman of the Arts Council, and Nick Serota of the Tate are enthusiastic about the project. The only problem is that the ledges beneath the roof provide protected perches for kittihawks which apparently are protected and take priority over art.

Edinburgh's new opera house

The stage will be larger than Covent Garden's, says ***James Buxton***

The cynics who maintain that Edinburgh is only committed to the performing arts during its annual festival would receive a shock if they ventured up to Nicolson Street, not far from the city's Royal Mile. About 200 construction workers are putting the finishing touches to a new opera house. The Edinburgh Festival Theatre, as it will be called, will open to the public on June 25 with a performance of Wagner's *Tristan and Isolde* by Scottish and Welsh Operas.

People have been campaigning for the creation of an opera house in Edinburgh since the late 1940s. Now Scotland's capital is to get an opera house seating up to 1,900 people with a stage that will be slightly larger than that of Covent Garden. It will meet all the modern requirements of comfort, space and convenience for both audience and performers.

Although it will fulfill the technical needs of an opera house, its promoters prefer to call it a lyric theatre. Despite its name it is not under the wing of the Edinburgh International Festival, though it will be used by the Festival to stage productions by international opera companies, which Edinburgh's existing theatres have been unable to accommodate.

With the Festival Theatre open, Scottish Opera and Scottish Ballet are to double the number of weeks they spend in Edinburgh each year, and other British opera and ballet companies will visit, along with drama companies such as the Royal National Theatre and the Royal Shakespeare Company. But there will also be musicals, variety evenings, concerts and ice shows. Paul Iles, the general manager, was previously general manager of the Grand Theatre in Blackpool.

By spending about £21m Edinburgh will get a theatre that would have cost about £50m or £60m to build from scratch, because the new theatre is an upgrading and expansion of the old Empire Theatre, which was first opened in 1892 and used for bingo since 1963. Its greatest asset is the breadth of its auditorium, which puts the entire audience closer to the stage than is normally possible in such a big theatre. The new project leaves the auditorium largely unchanged.

However the architects, the Law and Dunbar-Naismith Partnership of Edinburgh, have designed a much larger stage. There is a rear scene dock which can either be separated from the main stage with an acoustic door for the unloading of scenery, or opened up for exceptionally deep stage vistas. The new stage is three times the size of its Edinburgh counterparts, the King's Theatre or the Playhouse.

The upgrading has involved constructing a new stage house and a wider and higher fly tower, building hospitality rooms alongside the auditorium and a new glass entrance. Unfinished, the building already gives a impression of spaciousness and light.

The Festival Theatre project became possible when the Empire Theatre came onto the market at a knockdown price and the public and private sectors coalesced under the prodding of Lothian and Edinburgh Enterprise to fund the project. About £16m has come from official bodies led by the local authorities.

The private sector has put in £4m, with the Royal Bank of Scotland, Scottish Power and United Distillers big corporate donors. The theatre will be a non-profit distributing trust, and is raising the last £1m by offering individual and corporate membership of a Founders Circle which will provide priority booking for ten years in return for £2,500.

Iles will reveal the Edinburgh Festival Theatre's programme for its first six months on April 7. But the key question is whether the city can absorb the 20 per cent increase in theatre capacity which the new venue, with 68 separate productions in 1994, will bring.

Edinburgh already has a quarter of the seats that the West End of London has, but only seven per cent of London's population. "We will have to market ourselves very hard," Iles acknowledges.

The Festival Theatre will cooperate in programming with the other Edinburgh venues including the Playhouse and the King's in order to avoid obvious clashes between similar productions. But the theatres are all in competition with each other. "How things work out depends a lot on how they respond to us. Every theatre could fail, including us," says Iles.

Some might think that adding more capacity at a time when several theatres south of the border have closed is over-ambitious. But they may be underestimating Edinburgh's determination to prove the cynics wrong.

Details of the Founders' Circle are available from Marianne Everett, Edinburgh Festival Theatre, Nicolson Street, Edinburgh EH8 9BE. Tel 031 662 1112.

Chess No 1011: The GM planned 1 Rd7 Qxd7 2 Qxg7+ Rxg7 3 Nf6 mate - but 1 ... Qf8! is less clear.

A questionable theory of relativity

This survey of family life reveals more about its author than society, argues A.C. Grayling

Shere Hite made her money and name some years ago with what she called "reports" on female and male sexuality. If they had really been reports, consisting of carefully gathered and dispassionately analysed data, they would not have been best-sellers. But they were not what they pretended; far from being exercises in social science, their real attraction lay in gratifying our voyeuristic instincts by telling us sexual anecdotes, thinly tacked together on a string of Hite's opinions. They were not reports but polemics, hitching a ride on the back of sexy tales.

In her new "report", this time on the family, Hite uses precisely the same technique. She recounts anecdotes told by people unidentified as to age, occupation, nationality, ethnicity, and quite often sex. Some of the anecdotes are a line or two long, some occupy several paragraphs. These disjointed slivers of autobiography are followed either by generalisations about the state of the contemporary family, or recommendations about how families ought to be. Most of the anecdotes and linking remarks – and therefore the book's main themes – concern sex in one way or another: nudity, masturbation, spanking, incest, childhood sensuality and sexuality, the eroticism of motherhood, sexual abuse, menstruation, fathers' jealousy of daughters' boyfriends, and so, interminably, on.

According to Hite, children between the ages of five and 15 get too few cuddles, because they have to sleep alone and because touching between adults and children borders too closely on sex. Parents, she claims, are afraid of children's "active sexuality". She deprecates the resulting paucity of physical comfort in children's lives, and argues therefore that we should "reconceptualise" sexual contact between adults and children so that there can be more of it. There should be lots of embracing and lots of frankness about everything sexual. In particular, says Hite, the mother should be acknowledged as the "erotic centre of the household", and her childrens' closeness to her body and breasts should not be curtailed immediately after infancy.

The picture that emerges might best be described thus: Hite's utopian family is a snugglesome group consisting of a languorously erotic mother, a gaggle of highly sexed children, and perhaps a father, all nude and fondling each other on a fluffy rug in front of the fire. This sentimentalised para-sexuality is Hite's recommended antidote to the "patriarchal family", described as embodying socially-ordained power structures which are "undemocratic" and unresponsive to childrens' needs.

THE HITE REPORT ON THE FAMILY
by Shere Hite
Bloomsbury £16.99, 424 pages

There is a Quaker saying that "all the world is queer except me and thee, and even thee's a bit peculiar at times". Reading Hite's contextless snippets from other people's reminiscences is like peering down on a strange planet. Is it generally true that parents stop cuddling their children at the age of five? Is it really true that children are highly sexed? Is spanking typically an act of erotic sado-masochism? Hite answers yes every time. The world she describes is barely recognisable, not just to the average reader, but to serious researchers in the same sociological fields.

This is where scrutiny is invited of her claim to be "reporting" a statistical survey. In response to damaging criticism of her earlier "reports", Hite has sandwiched the main text of this book between "notes on research, methodology and statistics" at the beginning, and, at the end, half a dozen brief testimonials from American academics, telling us chiefly that since most research in social science is dodgy, we should not fault Hite's research for being likewise.

We can ignore the fact that women undergraduates constitute the largest single group of respondents in Hite's survey, and that the whole sample is highly skewed towards well-educated youth. We can ignore this because Hite, in the service of her personal agenda, quotes selectively from just those anecdotes that fit her case. It is no surprise that the resulting picture is idiosyncratic; it is one person's view, whose aim is not to tell us how things are but how they should be.

The raggedness of Hite's discussion is demonstrated by her ignorance of scholarly work on the history and nature of the family. Barely any of the main studies in the field are mentioned. She seems not to know that what she calls the "traditional" – the nuclear – family is a very recent phenomenon; her simplistic belief that Christianity's "Holy Family" provides its historical paradigm is risible. But it is the shallowness and vapidity of her discussion of her material – itself, as we see, highly tendentious – which scuppers the enterprise. If we wish to understand families, and find out whether they are failing and if so what needs to be done, Hite's book is the last place to look.

Photograph of a Croat couple from the valley of Serezan, near Zagreb, exhibited in the 1867 Moscow Ethnographic Exhibition which promoted pan-Slavic unity. From 'Anthropology and Photography 1860-1920', (Yale University Press, price £14.95 paperback, 274 pages).

A Balkan tragedy

Some might see a glimmer of hope in developments in Washington this week. But Ed Vulliamy's accounts of the brutal killing and destruction by the Croats of the western Bosnian city of Mostar suggest that the prospect of peace between Croats and Moslems is remote.

His unremitting catalogue of evil and deception races through the war zones in eastern Croatia, where Serbs and Croats pounded each other's villages and towns, to central Bosnia, where Vulliamy joins a crowd of dispossessed Moslems forced to join the thousands of other Moslems and Bosnian citizens fleeing the war zones. His images hark back to the second world war when Jews, gypsies and communists were sent to the concentration camps.

Vulliamy, more intent on conveying the horror of war than explaining why the former Yugoslavia collapsed into chaos, blames the Serbs and the "international community" for starting and prolonging the killing respectively.

This view is shared by Noel Malcolm, whose book, though sometimes uneven in judgment, is nonetheless an excellent account of the political culture underpinning Bosnia. It was, as he explains, a land caught between the ambitions of the old Serb, Ottoman and Habsburg Empires, a situation which helped to create a rich and exotic range of dialects and traditions.

Nowhere was this more obvious than in Sarajevo, the capital of Bosnia. For centuries the inhabitants of this cosmopolitan city of Moslems and Catholics, Orthodox and Jews, Turks and Bulgars, co-existed. This apparent oasis of tolerance, as well as the economic potential of Bosnia, was quickly recognised by Benjámin Kállay, the enlightened Habsburg minister of finance sent from Vienna to run the country after it was placed under Austro-Hungarian rule in 1878.

Kállay also recognised the emerging tensions between the prosperous, largely urban Moslem middle-classes and the rural Serbs, many of whom had migrated from other parts of the Balkans, but his administration failed to stem the rise of nationalist sentiment. It was this sentiment which sparked off the first world war after the assassination of the Archduke Ferdinand by Gavrilo Princip, a Serb nationalist, in 1914.

As to the current war, Malcolm – like Vulliamy and the contributors to *Writings on the Balkan War* – falls short of tackling its causes and the potential instability of Bosnia.

All three books suggest that the disintegration of Bosnia was due largely to external factors. But it is Vulliamy who comes closest to showing how Croatia, as well as Serbia, had designs on carving up Bosnia. Once Germany pushed through the recognition of Slovenia and Croatia in January 1992, any chance of a negotiated settlement for the peaceful disintegration – or redefinition – of the Yugoslav federation collapsed.

SEASONS IN HELL: UNDERSTANDING BOSNIA'S WAR
by Ed Vulliamy
Simon & Schuster £6.99, 370 pages

BOSNIA: A SHORT HISTORY
by Noel Malcolm
Macmillan £17.50, 340 pages

WHY BOSNIA: WRITINGS ON THE BALKAN WAR
edited by Rabia Ali and Lawrence Liftschultz
Pamphleteer's Press

In the event, Bosnia not only became the chosen pawn of President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia, but its legitimacy was undermined since its territorial integrity had been inextricably linked to the existence of the Yugoslav federation.

There are many reasons, not fully explained by these books, as to why the European Union did not act sooner. One was the persistence of historical alliances. Paris, London, and Athens were sympathetic to the Serbs, while Germany, in an uncomfortable echo of its wartime support of the Nazi-backed Ustasha regime in Croatia, backed Zagreb, capital of the Croat Republic. This prevented consensus on how to deal with the first break up of a multi-ethnic state in the post-communist world.

The European Union and the US also held the misguided view that the Yugoslav federation had to be kept together at all costs, for fear that its fragmentation would serve as a precedent for the Soviet Union, then still in existence. But as Malcolm rightly asks: why did Europe, when it finally recognised the independence of Bosnia, do nothing to defend it?

There is another, more complex explanation as to the EU's failure to interpret the nationalist signals from Belgrade and Zagreb as early as 1987, when Milosevic was catapulted into power as head of the Serbian communist party.

Since 1945, the role of memory, underpinned by guilt and shame, had helped to shape European culture. The countries of western Europe slowly came to terms with what happened in the second world war and memory was gradually merged with the politics of forgetting. In communist-dominated eastern Europe, however, history was re-written and memory became a tool of regimes which manipulated the past and destroyed the region's weak democratic traditions.

The war in the former Yugoslavia was about the revival, and selective exploitation of memory, juxtaposed with western Europe's profound need to forget. The clash of these two psychological processes have tragically prolonged the war in Bosnia. Western Europe, as these books rightly conclude, is paying the price for failing to provide assistance to ensure that post-communist Europe could reclaim its painful memories quietly.

Judy Dempsey

Keeper of world peace

Ralph Bunche was one of the first black Americans to play a prominent role in international affairs. At the height of his career he was distrusted by the US state department and the Soviet foreign ministry. British and French governments never liked him because, in the 1930s, he had become an early advocate of decolonisation, made friends with such people as Jomo Kenyatta and written a thesis, based on first hand research, on French policy in west Africa. In the 1950s he irritated Europeans again by his handling of crises in the Middle East and the Congo.

For Bunche was an independent man. He was one of the architects of the United Nations Charter after the second world war and will be remembered as one of the UN's most outstanding peacekeepers. The trouble is that after the Six Day War in 1967, his achievements went out of fashion and it was thought that the role of the UN must be limited. Only in the 1990s, particularly with the break-up of Yugoslavia, has the possibility of international peacekeeping on the grand scale come back into discussion.

RALPH BUNCHE: AN AMERICAN LIFE
by Brian Urquhart
W.W. Norton £27.50, 496 pages

It is certainly there in the Charter with its provision for a military committee consisting of the chiefs of staff of the five permanent members of the Security Council. And even during the cold war, Bunche had at least three major successes to his name. He helped negotiate the armistice between the Arabs and the Israelis in the Middle East in the late 1940s, winning the Nobel Peace Prize for his pains. He was instrumental in putting together the United Nations Emergency Force (UNEF), to keep the Egyptians and Israelis apart, after the Suez war of 1956. In the Congo in the early 1960s it was Bunche as much as anyone who ended the secession of Katanga.

True, he was often the number two. He took over as mediator in Palestine only after the assassination his superior, the Swedish Count Bernadotte. The concept of UNEF first came from the Canadian foreign minister, Lester Pearson, and Bunche might have been less involved in the Congo had it not been for the death of the UN Secretary General Dag Hammarskjöld.

Yet in each case Bunche worked hard and was innovative. In the Middle East he saw that the Israelis talked to the Arab States separately, *not together*, a formula which continues to work. A footnote at the end of this book claims that a former street gang member recently took the Bunche diplomacy as a model for successfully negotiating a truce between the Bloods and the Crips in Los Angeles. After Suez, UNEF became the most popular army in the world with its theme song "Don't Fence Me In".

The sadness was that when President Nasser asked the UN forces to go in 1967, no one stood up to him. The Russians backed Nasser, the US did not press Israel to keep calm, and the ambassadors representing the UNEF participants said that the decision was up to the Egyptians. Worse than war followed: U Thant, then the UN Secretary General, and Bunche were blamed for their feebleness and peacekeeping was discredited.

Bunche spent much of the rest of his life wondering if more could have been done, but concluded that without the support of the majority of the UN members, UN officials were impotent. And as Brian Urquhart, who was to become Bunche's successor, remarks in this biography, the Six Day War meant that much of Bunche's life work was destroyed within a few days.

Bunche died in 1971, spending his last few years working on civil rights. This was an old cause. In 1941 he had successfully picketed the National Theatre, Washington for refusing to allow blacks admission to *Porgy and Bess*. Nearly 20 years later he was given the key to the City of Birmingham, Alabama, then refused a room in a local hotel. Yet he never campaigned as a demagogue, simply as a black American demanding equality.

Malcolm Rutherford

A poet illuminated

It is hard to think of a poet whose poetry finds its counterpart more exactly in the drawings of an artist than does Ted Hughes's work in that of the engraver Leonard Baskin. The only parallel case that comes to mind is the inter-action between the work of Blake the poet and Blake the draughtsman.

It was, we learn from *Winter Pollen* (a collection of Hughes's prose pieces written over the past 30 years), an invitation from Baskin to make a book with him about crows that inspired the first of the Crow poems. The squat visceral emblematic bird drawn by Baskin glared beadily from the jacket of Hughes's *Crow* in 1970, and has remained a numinous presence in Hughes's mind ever since.

One of the pieces printed here, "The Hanged Man and the Dragonfly" is the introduction Hughes wrote in 1984 to Baskin's *Collected Prints*. He speaks there of "the rich inwardness of Baskin's art" and he relates it to the Hasidic tradition of Jewish mysticism that Baskin, son of an American rabbi, inherited. In a piece on Isaac Bashevis Singer he sees the key to his work as being the collapse of the Hasidic way of life under the pressure in the 20th century.

This is but one strand of a wider perspective on mystical tradition that is gained from this book. Hughes has an insatiable interest in all forms of illumination. Books like T.C. Lethbridge's *Ghost and Divining Rod* (1963), Mircea Eliade's *Shamanism* (1964), Turville Petre's *Myth and Religion of the North* (1964), John Greenaway's *Literature Among the Primitives* (1964), open windows for Hughes into worlds beyond the rational about which he is brilliantly articulate. The choice of fellow-poets whose work he discusses admiringly is just as revealing. They include Wilfred Owen,

TED HUGHES: WINTER POLLEN
edited by William Scammell
Faber & Faber £17.50, 465 pages

Keith Douglas, Dylan Thomas, the Serbian poet Vasko Popa and the Hungarian poet János Pilinsky.

There are also several articles about the work of his wife, Sylvia Plath. In trying to understand the controversy that still surrounds her death it is useful to have reprinted here Hughes's "Publishing Sylvia Plath". More enlightening however in understanding her work are his informed comments on her method of writing and poetic technique, especially the article in which he traces the genesis of her poem "Sheep in Fog".

Poets of the illustrious English past form yet another large swathe of this wide-ranging book. In a section on metre where Hughes locates instances of Manley Hopkins's "sprung rhythm" in English verse at least as early as Chaucer, Hughes demonstrates how all the editors from Tottel to Tillyard have scanned the poetry of the Elizabethan Sir Thomas Wyatt incorrectly. Hughes's effort to discover a unifying theme throughout Shakespeare's work were given in a book published in 1992 (it received the thumbs down from most of its baffled reviewers).

Hughes propounds a thesis of such magnitude, spanning *Venus and Adonis* and *The Rape of Lucrece* at one end and *King Lear* and *The Tempest* at the other, that initially it seems much too audacious, summary and tortuous to contemplate. But taken here in small doses extracted by William Scammell, it offers perceptions about Shakespeare's reaction to the English Reformation that are wholly new and surely valid.

Some of these longer explorations are, it must be said, difficult to follow. As a literary critic Hughes does not have the incisive expository power demonstrated in his prose work by T.S. Eliot. On the other hand when Hughes turns the focus inward to his own work he writes with sensitivity and utter clarity about the mysteries of the poetic process.

Anthony Curtis

Fiction/J.D.F. Jones

Homage to The Devils

John Coetzee is a Capetonian academic who writes slim novels of extraordinary power. *Dusklands*, in 1974, was a touch experimental – two linked novellas announced his fascination with what his next book was to describe as "the barbarous frontier". That second book, *In The Heart Of The Country*, drew strength from its remote South African setting and even relied on a fair amount of Afrikaans dialogue.

The masterpiece arrived soon: *Waiting For The Barbarians*, his 1980 tale of the sympathetic magistrate who governs a remote district between "the Empire" and the encroaching "barbarians". *Life And Times Of Michael K.*, a terrifying fable of a simple, hare-lipped gardener caught up in a South African civil war won him the Booker Prize. Next came *Age Of Iron* – an unforgettable story of a woman dying of cancer attended by an alcoholic vagrant who becomes her angel of death – and *Foe*, a break with South Africa, an ingenious re-telling of the story of "Cruso", Friday and "Daniel Defo".

The Master Of Petersburg also proclaims its distance from South Africa (though its theme of the great novelist harassed by the secret police can hardly be accidental). It is, I suggest, a first faltering of a huge talent: a disappointment. The narrator is Dostoyevsky, the year 1869, and the writer has returned from exile to St Petersburg in response to the death – suicide? murder? – of his beloved stepson.

The narrator discovers that the young man has been associated with a group of anarchists led by a certain Sergei Nechayev. The police confiscate first the stepson's papers, containing a list of assassination targets, and then his father's passport. "Dostoyevsky" becomes involved with his landlady, and with her precocious girl-child Matryona, "a conductor of souls".

Evidently we are in the world of *The Devils* (sometimes called *The Possessed*), which Dostoyevsky started to write in the same 1869. Nechayev was indeed a young nihilist, a disciple of Bakunin and the probable model for Peter Verkhovensky in *The Devils*. It is known that Dostoyevsky was aware of the conspiracy of the "Society of National Retribution" led by Nechayev – he used it for the novel.

THE MASTER OF PETERSBURG
by J M Coetzee
Secker & Warburg £14.99, 250 pages

At this point Coetzee's re-writing of history becomes irritating, even perverse. The fact is that the real-life stepson, Pavel, was not killed either by the police or by his fellow conspirators – he was to survive his real-life stepfather. Dostoyevsky never met Nechayev (although their relationship is central to *The Master Of Petersburg*). He did not return to Russia until 1871. He was not a inclined to paedophilia.

True, Coetzee gives us elements of a portrait of Dostoyevsky: references to *Poor Folk* and *Crime And Punishment*; epileptic attacks; the Siberian exile; the gambling obsession; "fathers and sons: foes: foes to the death"; and hints of some of the Russian writer's higher themes. There is also a sense of Kafka-esque menace that has been a frequent feature of Coetzee's work.

Above all, this is a book about desperate tragedy and distress.

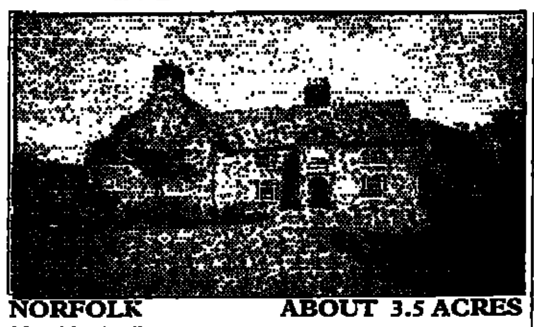
What is the point of this re-imagining, this re-arrangement, of Dostoyevsky's life history? I suspect that there is a private sub-text which it would be impertinent to investigate. Taken as a fiction, there is a fascination in the portrait of a society in which one's fate is determined by bureaucrats and policemen, in which extreme poverty co-exists with autocracy and luxury, in which dedicated young political activists are prepared to give their lives to change the social order.But it would have seemed hard to imagine Coetzee writing a dull, inert book about Dostoyevsky. Perhaps *The Master Of Petersburg* should best be seen as a fine writer's *hommage* to *The Devils*.

J.D.F. Jones

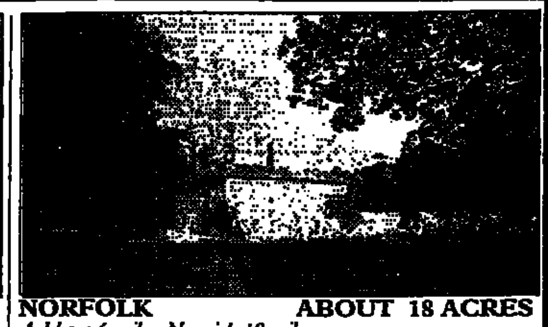
COUNTRY PROPERTY

SAVILLS

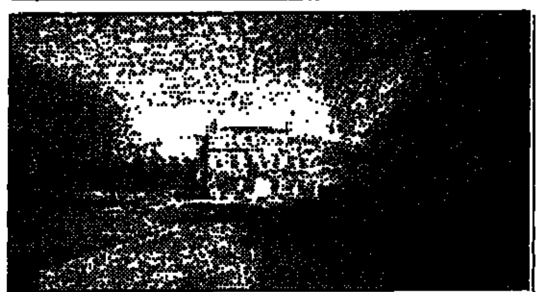
INTERNATIONAL



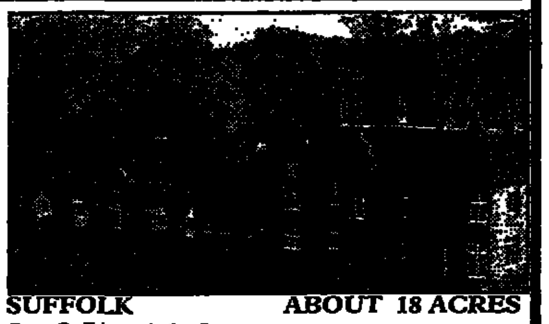
NORFOLK — ABOUT 3.5 ACRES
Norwich 18 miles.
Gressenhall
MOST ATTRACTIVE 16TH CENTURY GRADE II LISTED FARMHOUSE.
Three reception rooms, four bedrooms. Guest cottage / annexe. Range of outbuildings and garaging, gardens and grounds in all extending to 3.5 acres.
Region of £285,000
Savills, Norwich (0603) 612211 Contact: Louis de Soissons



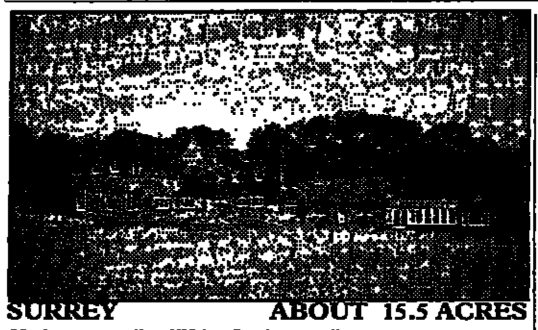
NORFOLK — ABOUT 18 ACRES
Aylsham 6 miles, Norwich 10 miles.
Nr Reepham
FINE GRADE II LISTED HOUSE IN A MAGNIFICENT PARKLAND SETTING.
4 reception rooms, 7/8 bedrooms, 5 bathrooms, 2 dressing rooms, games room. Self contained Ground floor flat. Range of outbuildings, garaging, stables, walled garden. Tennis Court.
Region of £585,000
Joint Agents:
Strutt & Parker, (0603) 617431
Savills, Norwich (0603) 612211 Contact: Louis de Soissons



OXFORDSHIRE — ABOUT 5.5 ACRES
Abingdon 2 miles, Oxford 7 miles
Culham
AN IMPOSING AND GRACIOUS GEORGIAN MANSION.
4 reception rooms, 8 bedrooms, 4 bathrooms, conservatory, Ball Room.
Annexe, Garages, Gardens, Tennis court.
Region of £550,000
Savills, Henley (0491) 579990 Contact: John Harris



SUFFOLK — ABOUT 18 ACRES
Bury St Edmunds 5 miles.
CONVERTED SUFFOLK COUNTRY HOUSE
Converted house, barns & buildings, with paddocks, pool, tennis, bowling and gym.
Studio to 4 bedroom barns.
£40,000 - £120,000 (+ service charge)
Open weekend 5th / 6th March
Savills, Chelmsford (0245) 269311
Contact: Brenda Cogan



SURREY — ABOUT 15.5 ACRES
Haslemere 3 miles, Witley Station 2 miles.
Chiddingfold
COUNTRY HOUSE WITH ANNEXE IN BEAUTIFUL COUNTRYSIDE.
4 reception rooms, 5 bedrooms, 3 bathrooms, study & office.
Annexe with 2 bedrooms. 3 garages. Tennis court, swimming pool, 3 paddocks.
Excess of £550,000
Savills, Guildford (0483) 576551 Contact: Clive Silveyra

BERKSHIRE, READING

Adjacent to farmland, with access to River Thames.

REDEVELOPMENT SITE WITH FULL PLANNING PERMISSION FOR MEDICAL REHABILITATION CENTRE WITH RESIDENTIAL ACCOMMODATION.

Suitable for alternative uses including nursing home, hospice, residential care centre, conference and leisure or in combination with an adjacent 36 hole golf development site.

Range of existing buildings.

Terms Negotiable.

Lease available for up to 99 years.
Savills, Henley (0491) 579990 Elizabeth Nelson

INTERNATIONAL PROPERTY CONSULTANTS
OFFICES AND ASSOCIATIONS IN THE UK, EUROPE USA AND SOUTH EAST ASIA

SUPERB GOLF DEVELOPMENT SITE

AVAILABLE FOR LONG LEASE OR SALE

Nr. Tunbridge Wells, Kent
200 acres
Manor House and rolling wooded countryside.
Fully detailed planning consent.
Write to Box B2169, Financial Times, One Southwark Bridge, London SE1 9HL

The Total Service Homefinder Company

CAMBRIDGE HOUSEHUNT

for company and private relocation to the city & surrounding areas.

Felicity Pugh
Tel: 0223 847847
Fax: 0223 844884

BRANCEPETH WOODLANDS
Near Durham
FOR SALE
125.2 hectares (309 acres)
Substantial volume of standing timber
As a Whole or in 3 Lots
0223 841841
BIDWELLS TRUMPINGTON RD CAMBRIDGE CB2 2LD

TO LET

CAMBRIDGE
Edwardian 4 bed Town House
Fully furnished. £1,250 pcm.

ESSEX - CLAVERING
Regency 7 bed house in country
Unfurnished. £1,500 pcm.

Enquiries: Ref PGC
Bidwells · Cambridge
Tel. 0223 841841 Fax 0223 840721

INVEST IN A LITTLE ESCAPISM, to the warm welcome of Hope Barton Barns - Group Ownership of 1, 2, 3 bed lux stone cotts on 30 ac secluded farm by sea near Salcombe. Indoor pool, sauna, gym, tennis etc. Fr £14,950. Col broch & insp visit details: Hope Barton, Freepost F, Hope Cove, Kingsbridge, S. Devon TQ7 1BR. Tel: 0548 561393 Fax: 0548 560938

WINDLESHAM, SURREY. Unmod freehold detached residence. 4 bed, 3 recep. garage. Secluded 1 acre. Offers over £225,000 Ivens: 071 240 2256

YOUR PLACE IN THE COUNTRYSIDE

IS OWNING A PEACEFUL COUNTRY ESTATE IN ENGLAND OR SCOTLAND YOUR PIPE DREAM?

COULD YOU IMAGINE HAVING YOUR OWN SHOOT, PLANTING A NEW WOOD OR WATCHING THE HARVEST COMING OFF YOUR LAND?

ARE YOU AWARE OF THE SUBSTANTIAL TAX AND INHERITANCE BENEFITS OF OWNING FARMLAND IN THE UK?

UK farmland values are much lower than in many other European countries. Average farm size is higher and there are opportunities for investors to purchase farms varying from 100 acres up to 2,000 acres together with large Scottish sporting estates of up to 20,000 acres.

Bidwells has been purchasing and managing such farms for investors for generations. While owners and their families enjoy the many benefits of ownership and occupation, we supervise the farming operations, management, maintenance and accountancy.

We offer a quality of service second to none. We locate, value and negotiate the purchase of the farm or estate of your choice; provide you with a clear, comprehensive appraisal of the revenue and capital potential; and our estate management service is tailored to your needs and wishes.

Bidwells manages more than a million acres of estates and farms, sporting estates, woodlands, commercial forests, grouse moors and game fisheries. Our clients range from the largest institutions to the individual private investor.

IF YOU WOULD LIKE TO BUY A FARM OR ESTATE PLEASE CONTACT ONE OF OUR SENIOR RURAL PARTNERS LISTED HERE.

CAMBRIDGE
P R W Pemberton FRICS
Tel: 0223 841841
Fax: 0223 845150

NORWICH
P T Day FRICS
Tel: 0603 763939
Fax: 0603 763899

IPSWICH
J S Fletcher FRICS
Tel: 0473 611644
Fax: 0473 610211

SCOTLAND
R W Balfour FRICS
Tel: 0738 30666
Fax: 0738 27264

BIDWELLS
CHARTERED SURVEYORS

SAVILLS

INTERNATIONAL

SURREY, Ripley — ABOUT 62 ACRES
Guildford 8 miles, A3 - 1 mile, M25 - 2 miles, London 25 miles.
THE DUNSBOROUGH PARK ESTATE - HISTORIC LISTED GRADE II RESIDENCE WITH SOME RICHLY PANELLED ROOMS.
Hall, 4 reception rooms, 6 bedrooms, 5 bathrooms, 4 bedroom wing. South Lodge, 7 cottages. Indoor swimming pool, 12 stables, lake, river, paddocks, Pleasure Gardens.
For Sale as a whole or in lots.
Savills, Guildford (0483) 576551 Contact: Tommy de Mallet Morgan

INTERNATIONAL PROPERTY CONSULTANTS
OFFICES AND ASSOCIATIONS IN THE UK, EUROPE USA AND SOUTH EAST ASIA

COUNTRY RENTALS

DORSET FARMHOUSE, 2/3 Recep rooms, 3 beds, 2 baths, conservatory, C/H. For 6 months - furnished to a high standard. beautiful setting - £650 pcm - Gardener/Caretaker available - Symonds & Sampson - 0305-265058.

INTERNATIONAL PROPERTY

Auction sale at Nanterre Palais de Justice on Thursday 24 March 1994, 2.00 p.m.

Superb prestigious three-storey apartment

approximately 300 m²

High standard of decor and new interior layout

Lobby, double reception room (private garden), dining-room, large stairhead, 3 bedrooms, large bathroom, Jacuzzi and additional bathroom, toilet. Adjoining one-roomed flat with kitchenette and shower. Fitted professional kitchen and laundry room. Three parking lots in the basement. Air conditioning, central monitoring of exits and top alarm system.

NEUILLY SUR SEINE
(Hauts de Seine) France

"CHATEAU DE MADRID"

27-31, boulevard Richard-Wallace and boulevard du Commandant Charcot

FREEHOLD and VACANT POSSESSION

STARTING PRICE: 7,000,000 French francs

*Inquiry: **Maître Michel POUCHARD**, Avocat au Barreau des Hauts-de-Seine*
9, rue Robert Lavergne, ASNIERES (92600) - **Tel: (331) 47 98 94 14 and 49 33 40 29**

All lawyers who are registered with Nanterre Tribunal de Grande Instance **and on the spot visits on Mondays 14 and 21 March 1994 from 10 to 12 a.m.**

MONTE-CARLO

METROPOLE PALACE, For rent in luxury building with swimming pool, From 2 to 8 room apartments air conditioned, parking space & cellar.

AGEDI
Tel 33-92 165 959 Fax 33-93 501 942

BOCA RATON/PALM BEACH Outstanding property available. Oceanfront & Golf Course location. Buyer Representative - No Fee. Contact: Roslyn Caresne R/A Coldwell Banker: Real Estate. Fax US: 407-241-8028 Tel: UK 0800 899 837

For business and/or private use

FOR SALE:

REAL ESTATE IN GERMANY

at French-Luxembourg border, 2 buildings, partly furnished on 1.5 acres of land, in beautiful, detached site in little village, highway within 1.5 miles. One building suitable for school, offices, manufacturing, eldercare home, club etc. 2nd unit is a 2-family home with heatable pool on large lot with garden and trees. 2 garages and several enclosed parking spaces. Price sfrs. 750,000.-

Address enquiries to:
POB 224, CH-8056
Zurich/Switzerland.
Fax +41-1-371.71.08

SWITZERLAND
Sale to foreigners authorized
Our speciality since 1975
Lake Geneva & Mountain resorts
You can own a quality APARTMENT/CHALET in MONTREUX, VILLARS, LES DIABLERETS, LEYSIN, GSTAAD Valley, CRANS-MONTANA, VERBIER, etc. From SFr. 200'000.– Credit facilities
REVAC S.A.
52, rue de Montbrillant-CH-1211 GENEVA 2
Tel +41.22 / 734 15 40 · Fax 734 12 20

COSTA DEL SOL PROPERTIES Marbella Offices. For Information & Price list ring 081 903 3781 anytime. Fax 3559

LANGUEDOC (TARN). TWO ADJACENT HOUSES.
maison de maître and farmhouse, in 11 acres of fields and woodlands. Landscaped swimming pool, kitchen garden and terrace.
An elegant home for immediate occupation,
with plenty of room for visitors.
Both houses have 5 bedrooms (4d/1s) and full CH.
Fr. frs. 2.6m **071 607 3217**

GUERNSEY

CONTACT US NOW. DISCOVER THE UNIQUE VALUE OF GUERNSEY LIFE AND GENEROUS TAX BENEFITS FOR RESIDENTS. ASK FOR OUR FREE FULL COLOUR PROPERTY PORTFOLIO

LOVELLS

GUERNSEY'S LARGEST AND MOST EFFECTIVE INDEPENDENT ESTATE AGENT. P.O. BOX 50, 11 SMITH STREET, ST PETER PORT, GUERNSEY.
TEL 0481 723636 FAX: 0481 713494

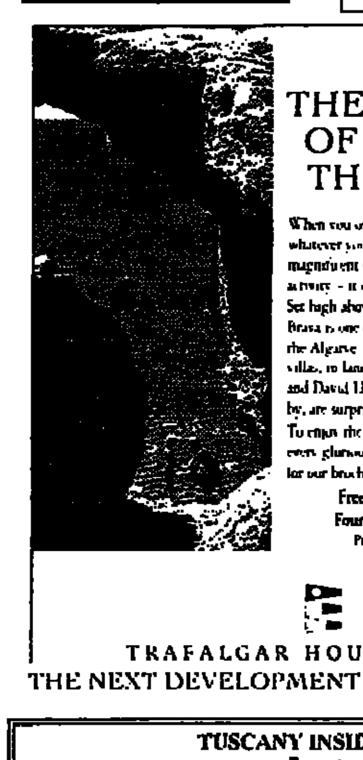
GUERNSEY- Come to live where the quality of life still counts and residential entry is simple. Price range commencing £200,000. Full property pack from Martel, Maides and Le Pelley Ltd., 50 High Street. Tel: 0481 713463 or Fax: 0481 711658.

GUERNSEY – SHIELDS & COMPANY LTD 4 South Esplanade, St. Peter Port. The Island's largest independent Estate Agent. Tel: 0481 714445 Fax: 0481 713811.

SWITZERLAND Apts from £60,000, chalets from £160,000 in the best locations. The Swiss experts, de Lara & Ptnrs. Tel: 081 742 0708

RELOCATING TO BRUSSELS? EUROINVEST offers you the largest choice in **BRUSSELS** of villas and apartments to LET. Free service. For more information, call: ++32/2/675 08.82.

FRENCH PROPERTY NEWS. Free Monthly Old, new and ski prop., legal column etc. Ask for your free copy now 081-942 0301.



ENJOY THE PLEASURES OF A HOME IN THE ALGARVE

When you own your own home at Rocha Brava, whatever you're looking for – quiet beaches, magnificent scenery, rest and relaxation or sport and activity – it can all be yours.

Set high above the Atlantic, near Carvoeiro, Rocha Brava is one of the most breathtaking locations in the Algarve. Yet its well-appointed apartments and villas, its landscaped gardens with swimming pools and David Lloyd Tennis Centre, and with golf close by, are surprisingly accessible.

To enjoy the pleasures of Rocha Brava through every glorious season, ring 0483 771203 (24 hours) for our brochure and inspection visit details.

Freehold properties from £74,000
Four-owners scheme from £23,500
Prices correct at time of publication

TRAFALGAR HOUSE EUROPE
THE NEXT DEVELOPMENT IN YOUR LIFESTYLE

TUSCANY INSIDE OUT
• • • Presents • • •
The best selection of farmhouses in southern Tuscany
• • • Contact • • •
Di & Bill Kilpatrick, Via di Moggiano No. 9
53047 Sarteano (SI). Italy
Tel: (0578) 26.66.02 Tel/Fax: (0578) 26.55.67
• • • Look! • • •
Viewing arranged throughout the year

Weekend FT

on

26th March 1994

the Residential Property Pages will focus on

"THE HORSE WORLD"

Are you interested in horsiculture?
Have you a **stud farm** to sell? - are you looking to sell or rent a **stable**?

If you would like to advertise in this Editorial feature and reach an affluent, upmarket audience of approximately **one million**, please call

Sonya MaGregor on

Tel: 071 873 4935
Fax: 071 873 3098

LONDON PROPERTY

KINGSTON PLACE, KINGSTON HILL
Freehold For Sale to Investment Buyers Subject to Existing Tenancy
Present Rental Income £26,400 pa (subject to review on 30.04.95) from this TOWNHOUSE built approximately four years ago, with magnificent views over Richmond Park.
Four bedrooms: Two bathrooms (one en-suite): lounge: dining room: kitchen: garage: private garden: gas central heating: communal swimming pool, sauna and gymnasium.
PRICE: £259,000 FREEHOLD to include carpets/curtains

TOWNCHOICE
17 Church Road
Wimbledon Village
London SW19 5DQ
Tel: 081 947 7351
Fax: 081 879 7057

LONDON - HAMPSTEAD AREA
Lovely tree lined street. Beautifully renovated flat with welcoming atmosphere, 4 bedrooms, double sized reception room, dining room, kitchen fully equipped, bathroom, hallway and 2 separate wc; gas ch; well proportioned rooms with high ceilings. Well maintained mansion building circa 1900. Located walking distance to shopping, transportation and restaurants. Leasehold/Freehold title. Owner sale. Price £255,000. Will also consider rental £550 per week. Elegantly furnished, fire place, baby grand piano.
TEL. NATIONAL 0234 391581
FAX 0234 391319
INT'N 44 234 391581 FAX 44 234 391319

EATON MEWS NORTH
EXCEPTIONALLY LARGE BELGRAVIA MEWS HOUSE, CONSISTING OF 3 BEDROOMS, 2 BATHS, WC, AND 2 CAR GARAGE. 36 YEAR LEASE TERM DUE CONVERTIBLE TO 90 YEAR LEASE.
ASKING £585,000
FOR DETAILS CALL
D.J. LEWIS 1-212-316-0027
FAX: 1-212-865-4894

PRIME COMMERCIAL PROPERTY Wimbledon Village, SW19. Producing £103,000. F/H for sale. Offers in excess of £1 million subject to contract. Tel: 081 947 9633 (Ref: RJH) / 071 408 0462

CHELSEA HOMESEARCH & CO We represent the buyer to save time and money: 071 937 2281. Fax 071 937 2282.

Ascot PROPERTIES
KENSINGTON, W8
Choice of 2 & 3 bed luxury furnished flats with 2 baths and fully equip. kitchen, in prestigious portered block moments Hyde Park. Available for short/long let from £450 pw.
Ascot Properties
Tel: 071-486 5741/0831 116565

LONDON RENTALS

THE CITY ON YOUR DOORSTEP

There is now the opportunity to rent at an outstanding development close to the City - Hermitage Court, Wapping High Street, E1.

Well appointed 2 bedroom apartments with porterage, secure underground parking and courtyard gardens.

Prices start from £240 per week.

For further information telephone 071-481 2457 or fax 071-232 2379

COVENT GARDEN, WC2 18th Century Charm. Newly refurb. 2 bed, 2 bath house. Studio/3rd bed with timber flrs. Lux kit/brk. Double rec. Sep dining rm. Part air cond. £735 pw. Furnished. Tel: E A Shaw 071 240 2255

PORTMAN SQUARE, W1. Large unfurnished 2/3 bed apts with direct views over square. Pkg avail. from £425 pw. Mellersh & Harding 071 499 0866.

COVENT GARDEN, WC2 Superb 2 dbl bed flat in period building. F/F kit. Bath with shower. Trad style furnish. Close to Piazza. £350 pw. Tel: E A Shaw 071 240 2255

LUXURY APARTMENTS
LONG LET IN MARBLE ARCH
Studio, 1 Bed, 2 Bed and 3 Bed
From £200.00 pw
• 24 hr recep
• C.C.T.V. Security System
SJN
Call Reservations on
Tel: 071 723 8888 Fax 071 724 8828

FITZROVIA, W1. Small furnished 1 bed apt in quiet mews. £140 pw. Mellersh & Harding 071 499 0866

SW1 Luxury 1 bed flat St James's £1,000 pcm. To include H/W + C/H. Long let preferred. Tel: 0929 554280

HAMPTONS
EVESHAM, WORCESTERSHIRE
A prestigious mews property on the banks of the River Avon. Master bedroom, ensuite bathroom, 2 further bedrooms - bathroom. Living room. balcony, large garage £125,000
Tel: Evesham Office 0386 41997

KENT
WATERINGBURY
Unique 'Scandinavian' style cedar bungalow - 6 beds, 3 receps, 2 baths, shower rm, double gge, mature secluded garden.
£189,000 Freehold
OWLQUEST LTD
Tel: 0622 817999 (office)
0622 832577 (eves & wknds) Fax: 0622 817909

COUNTRY AUCTIONS

GA General Accident Property Services

By Auction 30th March Edinburgh

FRESWICK CASTLE

Freswick, Caithness, Scotland. Historic Tower House on Viking Foundations view over Freswick Bay, Portcullis Arch
Vaulted Hall, 3 Recps, 9 Beds etc. 3 Acres.
Sea Views Guide Price £90/95,000
ALSO 30 OTHER PROPERTIES IN SCOTLAND
Auctioneers General Accident Property Services
21 Marmion Road, Southsea, PO5 2AT Tel 0705 872312

RETIREMENT

STYLISH LIVING

English Courtyard cottages and apartments are designed for comfortable living, even in small details such as the siting of sockets and the height of the worktops.

Our development at **Winterbourne Earls near Salisbury,** may look as if it's just stepped out of the 17th century, but it incorporates everything which has earned English Courtyard its many accolades.

Prices are from £155,000.

To find out more about these and other retirement properties throughout England, ring us now.

The English Courtyard Association
8 Holland Street, London W8 4LT
FREEFONE 0800 220858

FORESTRY

FIM

WOODLAND FOR SALE

Oban, Argyll 227.3 acres £55,000

An investment suitable for tax free capital growth and inheritance Tax mitigation

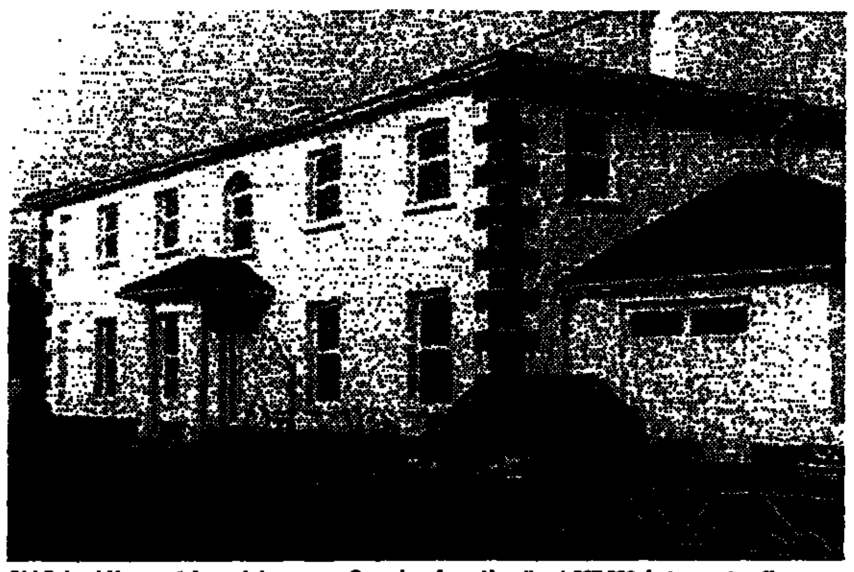
A predominantly Sitka spruce commercial forest planted 1987/89 with fine views over the West Coast.

Forestry Investment Management
Glebe Barn, Great Barrington, Burford, Oxon OX18 4US
Tel: 0451 844 655 Fax: 0451 844 509

PROPERTY / OUTDOORS

Why Ireland may be lucky for some


Greenstones Hall, Glendore, Co Cork: pink-painted Georgian for £850,000


Old School House at Annaghdown: neo-Georgian, from Heaslip at £87,000, but open to offers


Moyne Park, County Galway: a Regency house for around £250,000

Whether you want a cottage, a castle or an island, bargains abound, says ***Gerald Cadogan***

Rural Ireland offers extraordinary value for property buyers and now is a good time to buy.

As in the 1980s, the Irish market will be mirroring the UK market, with a lag of a year or two. Whether the rises will come later this year, or in 1995, is hard to say. When the market does improve, "overseas" buyers, mainly from the UK, will be in the driving seat – just as buyers from the Far East gave the London market a kick-start to recovery.

If you buy now, you are almost certain to look back with a smile in the year 2000. Castles, large Georgian houses, bungalows and cottages are on offer at remarkably low prices. The bigger they are, the less they cost in square footage – but restoration and maintenance charges escalate.

Within commuting range of Dublin, prices have held firm. In the rest of the country take your pick of properties at excellent prices in UK terms. Agents and vendors will be glad to see you.

In the good years of 1988-90 the "best buyers" of country houses in Ireland came from the UK, says JBC Hamilton, of Jackson-Stops McCabe.

Of late, these UK purchasers have been absent, unable – or unwilling – to sell their houses in Britain. That will change. Italians and Germans have been buying in the meantime, but lower interest rates will allow the Irish to re-enter their own market, particularly for substantial houses.

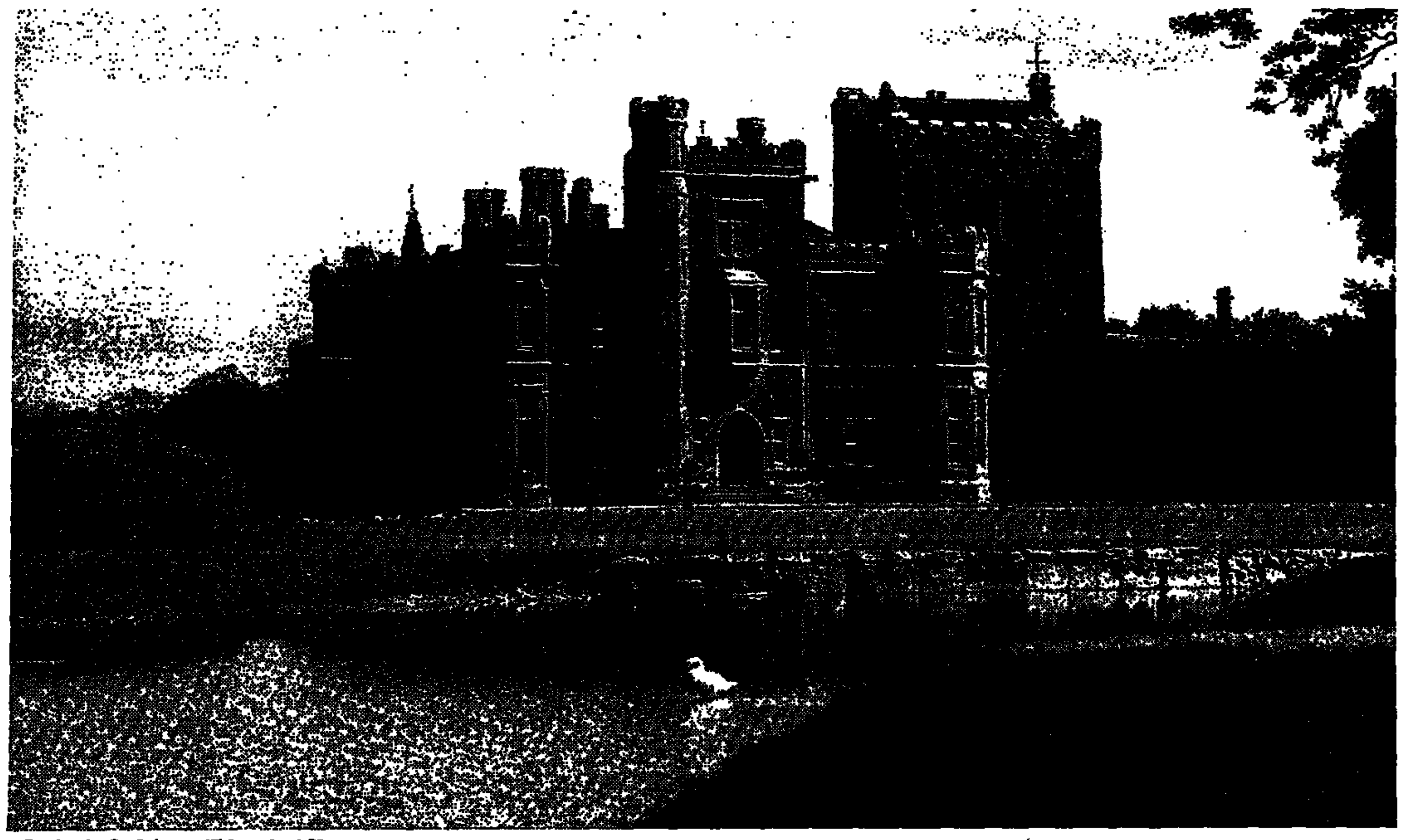
To buy a house in Ireland, you must learn to like the Irish way of life. You might survive as a teetotaller – just – but you could not survive at all if you did not enjoy talking. Ireland does not have a silent majority.

If you go hunting, shooting, fishing, betting at the races or are a gardener, life will be richer. Leisure and tourism are vital for the rural economy, where people often need several jobs to make ends meet. A village carpenter may keep cattle as well – and go oyster fishing at the right time of the year.

Taking advantage of the European Union's sheep payment regime is an art, "provided you can get them to hobble past the inspector" my informant in County Mayo said. It leads to ferocious overgrazing of the mountains in winter. The sheep destroy the thin top layer of boggy turf. The gravel subsoil then erodes and washes into the rivers, where it may affect the fish.

But the economy needs outside money. The trickle-down effect of catching one salmon on the fly, in terms of aircraft or ferry, use of car, hotel, food and local support services, runs into many hundreds of pounds – a most expensive way to buy fish. It is a pity then that sea-trout are fewer, as they are suffering from sea lice, perhaps as a result of salmon farming.

If you do go to Ireland, recognise the importance of the house you choose to buy. This may seem an odd remark but, unlike secular England, the concept of spirit of place is rampant in Ireland. At all levels, houses have their own life and control their owners. That is (partly) why impoverished gentry still hang on to properties they cannot afford, and it is why their homes were burnt down in the troubles of the 1920s. Then, their houses were not just a symbol of the Anglo-Irish ascendancy, they were the power behind it.


Tulira Castle, Co Galway: still for sale at £2m

Jackson-Stops McCabe has a long list of such places, many in their third year on the market. The recurrent phrase in Irish property particulars, "open to offers", means what it says.

Prices start at about £250,000 – the UK and Irish pounds are virtually at par – as with Moyne Park in County Galway, a Regency house built by the family of Lord Sligo. It has been reduced from £350,000. The particulars speak of "the present owner, the late George MacBeth, a distinguished poet and novelist". Good Irish stuff. But the point is clear – and it emphasises that powerful Irish spirit of place. (Sotheby's International Realty is also an agent for this property.)

Greenstones Hall, at Glandore, in County Cork, is pink-painted Georgian. Overlooking the harbour, which in 1900 had the largest fishing fleet along the Cork coast, the house comes with a private boathouse and slipway, and subtropical plants in the garden. The price for the whole is £850,000, from Charles P McCarthy.

Also in the pink, and with the same asking price, is Garretstown, at Dunshaughlin, in County Meath, 20 miles from Dublin and commanding a Dublin premium – but it is Georgesque, built in 1975. Agents are Hamilton Osborne King and Knight Frank & Rutley.

Smaller Georgian houses include Carrick Lodge at Cornamona in County Galway on the shores of Lough Corrib – excellent fishing – for £210,000 (down from £300,000) from J-SM. Two gelebe houses – or old rectories of the Anglican Church of Ireland – are available through McCarthy, in County Cork. They are at Ballinadee (£359,000) and Drimoleague (£200,000). Dukes Lodge at Athy, in County Kildare, an hour from Dublin, is a handsome house built by the Duke of Leinster. It is on offer for £200,000 from Ganly Walters.

Also of interest are the early 18th century Prospect House at Westport, County Mayo, from J-SM and Brendan Tuohy for between £320,000 and £380,000, and Corran House, at Leap, in County Cork for £235,000 from McCarthy. The company is also selling The Old Mill at Leap for £165,000, completely renovated in 1989.

Among castles, the 1882 Tulira in County Galway is still for sale from Jackson-Stops McCabe and Sotheby's for £2m, and Hamilton Osborne King has fully-furnished homes at Dromoland in County Clare, adjoining a golf course, for £200,000. Perhaps the pick of the bunch should be Strancally at Knockanore, County Waterford, set where the Bride and Blackwater rivers meet. It is an early 19th century house and with 160 acres is on offer from Jackson-Stops McCabe for £800,000-£850,000.

At the opposite end of society, cottages inland in County Leitrim may go for as little as £5,000. On the west coast, Heaslip has several cottages, old or new-in-the-old-style, in County Galway from £23,000 upwards.

More unusual is Heaslip's Old School House at Annaghdown, a solid neo-Georgian building that personifies the importance of learning. It costs £87,000 "open to offers".

On Whiddy Island in Bantry Bay, with 28 permanent inhabitants and a pub, Ganly Walters is selling Stonefarm House for £150,000. If you need a whole island with six smaller islands around, Dominic J Daly and Knight Frank & Rutley have the answer. It is Inishanboe, the "island of the cow". The price is £1.5m.

■ *Further information: Dominic J Daly, Cork (021-277-399); Ganly Walters, Dublin (01-660-3155); Hamilton Osborne King, Dublin (01-676-0251); FB Heaslip, Galway (091-652-61); Jackson-Stops McCabe, Dublin (01-677-1177); Knight Frank & Rutley, London (071-629-8171); Charles McCarthy, Skibbereen (028-215-33); McMahon, Ennis (065-283-07); Brendan Tuohy, Westport (098-251-11).*

Gardening

The scent that says spring

How can the sweet-smelling mimosa be grown successfully in Britain, asks ***Robin Lane Fox***

Throughout the week there have been definite signs of spring, but they mean different things in different countries.

In Britain, they mean the best of the crocuses, emergent flower on brown-leaved Prunus and lengthening beads of flower on my particular favourite among yellow-flowered shrubs, the Stachyurus.

Roses have started into leaf and if you want to ward off black spot, you must start to spray now, using Nimrod T once a fortnight on the young leaves. Delay, and you have lost the war.

Who has cared about black spot this week on a latitude below Europe's fog belt? I have been in the right place at the right time.

It has been shirt-sleeves only outside San Spirito; Primavera has stepped out of Botticelli's painting; no-one is pining by the Arno; there have been angels at large in Florence and, on the track of Fra Angelicos, I found something heavenly. Along the Borgo Pinto, the houses open on to courtyards. Just before Perugino's Crucifixion, spring met me head on in clouds of yellow, pink and satin-red flowers.

We will soon have our pink-flowered almonds in the UK and already, there are satin-red buds on the japonicas. The yellow is denied to us.

In florists throughout London you can buy a few sprigs of mimosa. In Florence, there are huge trees of it, flowering as thickly as those Banksian roses which are next month's glory in southern Spain.

Mimosa, not tax, may yet drive me offshore.

Expatriates gloat among it over breakfast on the Riviera. Florentine flat-dwellers look on to trees of it beside branches of the almond blossom which are picked and displayed on the counters of flower-conscious shops.

In their great Italian city, we all complain about our fellow-tourists, but we ought to remember what we owe to botanical immigrants. If the great men of the past could return, they would be amazed by the present Mediterranean.

The Greeks knew no eucalyptus and the Romans knew no orange trees in Andalucia. Botticelli never saw mimosa, nor did the English Grand Tourists who visited the Uffizi and idealised its naked statue of Venus without bothering to look at the paintings which now amaze us.

Mimosa arrived in the 1820s, the Antipodes' postscript to old European art. Of course Masaccio's frescoes are memorable, but a full-flowering tree of mimosa measures up to him, as yellow as the robes of the youthful St John. I have never expected that a prime site in Florence would be Australian.

How can we grow mimosa in Britain? Only once have I seen it luxuriate, in the great Irish garden of Glen Veagh in County Donegal. Its lavish American owner would advance on the trees with his personalised secateurs and clip the branches with suitable throw-away comments before handing them to his guests.

Derbyshire is not County Donegal and you cannot grow a mimosa outdoors in most of Britain's climate. In warm areas, it will survive by the Gulf Stream, in Devon or even in especially sheltered parts of London.

It is happiest on a wall, but it never flowers as freely as I have now seen it: the reason, I think, is not so much the risk of frost as its need to be thoroughly ripened by sun in summer.

In Britain, the best place for the best varieties is a conservatory or cool greenhouse.

Under cover mimosas need little more heat than suffices to keep out frost in winter: they will grow best in a bed with room for their roots, but most of them will try to touch the skies if they are happy. The hardiest forms have been recorded at heights of 100ft in wild Australia.

Unless you have a glass castle, you should confine your plant in a large pot and prune it heavily after flowering. The main reason why indoor mimosas flower half-heartedly is that they are allowed to become too dry at the root in winter.

Stand them so that you can water freely from below and try not to choose the more boring varieties. Mimosas are correctly listed as Acacias nowadays.

A big selection is still offered by Burncoose Nurseries, at Redruth, in Cornwall and their small plants will grow away quickly.

The best is baileyana which comes from New South Wales and is distinguished by its silvery-blue leaf, an exceptionally pretty feature.

On a wall, the silvery pravissima arches into a good shape and is too little known: up a pillar in a conservatory, you would also enjoy riceana which is named after a chancellor of the exchequer but as he died long ago, you need not hold the name against it.

In Australia, these wonderful trees are known as Wattles: Silver Wattles, Oven Wattles, Rice's Wattle until you wonder wattle turn up next.

In Britain, we all know them as mimosa, grouping them with those similar sensitive plants which curl up their leaves when you touch them or brush against them while sheltering underneath.

Their sensitive habits mimic sensitive humans and so, I suppose, they began to be known as mimosas because of their mimicry.

Personally, I love the scent. Imitate the Florentines and, if you cannot join them, at least compete by growing your own mimosa in a pot for cut flowers and that exquisite scent of warm Italy.


The Garden Picture Library
Mimosa is a feature of spring festivals around the Mediterranean

Country View

An open door policy

If your bird table has been abandoned and you cannot remember when you last saw a blackbird, a song thrush or a robin, try leaving your garden shed open.

According to Chris Meades, of the British Trust for Ornithology, all three species, together with wrens, will be quite happy to nest in there and, more importantly, those much-feared serial killers of smaller birds, magpies, will not dare to enter.

"Magpies prefer to forage in the open. If they are after smaller birds they will look for a hedge to plunder," Meades says.

Meades also advises those worried about the black and white marauders to protect any songbird's nest they find with wire netting.

"It's quite possible to create a ball of chicken mesh that smaller birds can get through but a magpie cannot," he said.

When a fully-grown blackbird is killed it is bad news for the species, Meades says.

"The chances of a chick growing to full maturity are about one in 10, so we should do all we can to protect adult blackbirds."

One way both country and town dwellers worried about declining blackbird and other bird populations can help is to provide more habitat. "So often we destroy birds' habitat without realising it," he said.

"In many cases gardens have been landscaped and there is therefore far less cover for the small birds.

"The answer is to plant – particularly shrubs. Spiky bushes such as pyracantha are hard for the magpies to penetrate.

"A few prickles will do an awful lot to deter cats too. Basically the more cover there is, the harder it is for the magpies to seek out nests and kill fledglings." Meades does not blame magpies alone for the decline in Britain's bird species over the past few years.

"Monoculture has a great deal to do with it," he said. "Thirty years ago a field of barley contained about 5 per cent weeds. These were good

for the birds because they produced seeds that were winter fodder for a variety of species. Today, chemicals have made sure that that field is 100 per cent barley, and this is bad news for species such as the corn bunting, the reed bunting and the skylark."

However, magpies have been multiplying as much in the country as in the towns, the reason being that there are fewer gamekeepers.

There are all sorts of reasons – not least the recession – for the decline in the latter species, but it has meant fewer magpies are killed by man.

"Magpies are therefore attracted to the towns because they do not associate humans with shooting any longer," Meades said.

"However, magpies are not entirely the bad news for garden birds that so many seem to think. They are omnivorous: even in the breeding season they only take a few chicks.

"People who have seen and heard the commotion when a magpie attacks an exposed blackbird's nest and slaughters chicks often get unduly uptight over magpies and blame them for more deaths than they actually cause.

"Magpies are beautiful and fascinating birds that have been around for thousands, if not millions, of years.

"Probably because their numbers have increased threefold in the past 30 years they have had a pretty bad press. Although magpies have no predator in the natural order of things the chances of them making any particular species extinct is nil."

Clive Fewins

SPORT / MOTORING

Rugby/Derek Wyatt

On the fast track to success

The council cuts the grass: Olivier Roumat passes during France's 35-15 win over Ireland at Parc des Princes in January

David Rogers/Allsport

We call them stadiums or pitches. Players call them tracks. And the fastest track in Europe is the Parc des Princes, Paris. The reason? The French national stadium, being a council-owned ground, is used for soccer and rugby. The soil and the grass is specially prepared to cope with the vicissitude of both games and one outcome is that the grass is considerably shorter than at any of the other Five Nations venues.

Not only does this mean that the three-quarters have a chance to show their pace, or lack of it, but the speed of the back-row to the break-down becomes more important. One reason why so few away teams win at the Parc (Ireland and Scotland have never won there; Wales did it last in 1975) is because the game is much faster, and players succumb in the final quarter of the game. It also explains why the scorelines are bigger than elsewhere.

England's brilliant wins in 1990, 1991 (World Cup quarter-final) and 1992 owe much to the way its forwards so dominated the scrums and line-outs that France suffocated.

Parc des Princes has only a limited life. In 1999, the French Federation de Rugby will move to a new stadium (also council-owned) being planned at St Denis to house the World Cup soccer finals in 1998.

This is fortuitous, for it saves them raising the money to build or replace stands, something which is currently exercising the Irish, the Scots and the English.

St Denis will seat 80,000, an improvement of 25,000 on current capacity. Bernard Lapasset, the French president, accepts that the enlarged capacity may be a problem: "We could have sold today's game out twice, but earlier in the season we struggled with the Australians."

Lapasset has helped change the face of French rugby since he succeeded the *ancien regime* of Albert Ferrasse in 1992.

The former Agen second row and occasional No 8 (he won a championship medal in 1969 with the Under-21 side) played most of his rugby in Paris – for Paris University Club and then for the Custom Officials club which he helped found.

He still works for Customs, collecting tax debts. It was from this unlikely rugby base that he made his way through the labyrinth of committees to become assistant secretary, an honorary position, of the FFR, in the late 1980s. From there he challenged for the presidency in what he calls "the rugby wars of 1990 and 1991".

Unlike England, where the tenure of the president of the Rugby Football Union lasts a single year, Lapasset's term lasts four seasons and he is likely to stand again in 1995. But, said Henri Bru, the rugby correspondent of *L'Equipe*: "It doesn't matter that for you the president lasts one year. Dudley Wood [secretary of the RFU] is your president and everyone knows it."

Two projects have exercised Lapasset's diplomatic skills. The first was redefining "amateurism" in the modern game.

"There is no definition of the word amateur. It is not a legal statute. For us the word means the spirit of the game and that is what we must keep at all costs," he said. "We do not want to play for money nor create a new professional game. There isn't room in France with soccer, basketball and tennis claiming so much of our attention and so much of the economic cake. The critical element of rugby is its manner, its style, its traditions."

Lapasset has forged a partnership with the players. Two months ago, after eight months of negotiations involving all the international squad and using great players such as Walter Spanghero and Jo Maso as a sounding board, France became the first union to contract its players.

"Every player was asked to sign our player's charter. It sets out the terms under which they are allowed to operate, including any commercial spin-offs. Any player not willing to sign cannot be considered for national selection."

Other countries have allowed players to have agents which has led in some cases to national coaches and players sharing the same agent. This can lead to conflicts of interest. The French have decided to run all the commercial activities.

The charter enables players to earn money by promoting the game, a clear contradiction of the International Rugby Football Board's laws on amateurism.

Each squad player is allocated 200 kit bags which contain balls, jerseys, videos and equipment to give to children. Players have visited schools in Pau, Toulouse, Arras, Rennes and Paris. Targeting schools is new for rugby in France, where sport is not part of the curriculum. These visits have been a resounding success.

Meanwhile, the RFU has its own problems. It has called an emergency meeting of the coaching committee for next Thursday. The successor to Geoff Cooke as England coach should be announced at the executive meeting the following day.

Over the past decade my old club Bath, under Jack Rowell, has managed to change personnel while remaining successful. If the RFU hesitates over choosing Rowell, English rugby will return to the hesitant years of 1970s and early 1980s.

Golf/Derek Lawrenson

Charmed by the rudest of clubs

It is not easy to decide which has produced more anguish over the years: the Honourable Company of Edinburgh Golfers or the rules of golf.

Words such as pig-headed, irrational and incomprehensible abound when either is the topic of conversation. Both are 250 years old on Monday, which makes the former the oldest golf club in the world.

To be fair to the Honourable Company, whose present home is the sublime links course at Muirfield, when they came up with the original rules of golf on March 7 1744 they made a great deal more sense than the labyrinthine set of clauses and sub-clauses that the Royal and Ancient Golf Club applies to today's game.

Alas, if only the same could be said about the behaviour of certain Company men down the years, or their representatives. When *Golf Digest*, the US magazine, ran a piece on Muirfield before the 1992 Open there, it headlined it: "The rudest golf club in the world."

It is said that one Muirfield member, a distinguished politician, was so appalled by the attitudes of his peers that he refused to go to his own golf club. One man came up from the English Midlands to play and was bowled over by the reception he received from the then secretary, the usually fearsome Paddy Hamner.

Hamner was most taken by the man's cravat. They settled into a conversation about the guest's textile business and he revealed proudly that his cravats were made from the finest silk.

Hamner was delighted with the offer of a couple as gifts. The visitor made his way towards the lounge to order some lunch, wondering how Hamner had come to earn such an unjust reputation. As he stood at the threshold of the beautiful room, Hamner roared down the corridor: "You won't be having lunch in there. You're not allowed in without a tie."

At first glance, not much has changed. The notice on the entrance gate tells you that this club is "strictly private". One door in the clubhouse has "lavatories" written on it, but do not think it opens to reveal further doors for men and women. There are no women members. The oldest golf club has never had any. Its waiting list is enormously long and closed – and there are no women on it.

But Muirfield has taken steps to soften its image. These began three years ago with the appointment of Group Captain John Prideaux as secretary.

Where previous holders of this office had been obstructive and rude, he could not be more effusive or helpful. "I just do the job as I see fit. I think some of the criticism of Muirfield for being snobbish or offhand was justified, but equally a lot of it was people believing what they wanted to believe. There's also a lot of jealousy about the way we do things here. The game has changed greatly in recent years but Muirfield has remained free of rampant commercialism, and some people resent that."

Contrary to myth, it is not impossible to play Muirfield. On Tuesdays and Thursdays, 60 men and women out of the 300 or so who make the request each week are allowed to sample its pleasures, and while Prideaux is almost apologetic at the charge of £50 for the round or £70 for the day – "very high for the east of Scotland" – this is one of the great golfing bargains.

The fact is that you cannot help but fall in love with Muirfield – with the course, for one thing, and with its innate fairness, which makes it the favourite of all the great players.

There is also the fact that the club makes no tawdry effort to cash in on its unique place in the game's lore. The following day I visited another Open championship course, where they have a thousand souvenirs covered in tacky "Turnberry, Scotland" logos and where they discriminate by means of a pricing policy which places it outside the budget of all but the wealthy.

Muirfield, with plenty to flaunt, is surely the only club in the world that offers no souvenirs. They have no golf shop. They have no pro.

In the breakfast room a wonderful photograph caught my eye. A letter underneath tells of four golfers who decided to visit an optician because one of them had become unhappy with his putting, and decided it was because of his eyesight.

He was right, too. But the others were in for a shock: they all had poor vision, which is how they came to pose for the light-hearted photograph. The quartet were J H Taylor, Harry Vardon, Alex Herd and James Braid and, bad eyesight or not, between them they won 17 of the 21 Open Championships played from 1894 to 1914.

Motoring/Stuart Marshall

Two pretty Japanese models

This is a tale of two new coupés, both pretty and Japanese. One of them is unique, as it breaks Marshall's Law of Car Selection which says that, when you buy a coupé, you always pay more for less.

The new Toyota Celica GT, which goes on sale in Britain next week, is not the unique one. This two-door, sporting four-seater, with a hatch opening on to a boot of sensible size, costs £20,617; this makes it £3,000 dearer than a similarly-engined, although larger and roomier, Carina E GTi five-door. But – and this is what matters – it really does look a million dollars.

The surprise newcomer is Honda's Civic coupé. Priced from £10,450 upwards, it is cheaper and just a little more powerful than its saloon equivalent. The coupé was conceived and styled in Honda's Californian research facility and, like the Accord Coupé and Aerodeck Estate also sold in Britain, is built in the US.

Profit-chasing by motor insurers, the activities of car criminals and tougher speed limit enforcement did nothing for sales of high-performance sports in Britain last year; they fell by 6 per cent. But Toyota GB is confident that the latest, sixth-generation Celica GT – the first of the line appeared 21 years ago – will have as much showroom appeal as its predecessors.

The Celica GT shares a market niche with a lot of rivals, including the Audi 2.8 and BMW 320i coupés, Ford Probe, Honda Prelude, Mazda MX-3 and MX-6, Rover 220 Turbo coupé and Vauxhall Calibra.

Unquestionably, Toyota's string of world rally driver championships with Celicas in the past five years will attract some buyers. But many will put more weight on its styling – a family resemblance to the stunning new Supra is clear to see – plus its top-rate build quality and Toyota's reputation for reliability.

The Honda Civic coupé is aimed at buyers whose ambitions and resources are more modest. Mechanically, it is closely related to the Civic saloon and hatchback, which are favoured in the main by older motorists. Honda hopes the coupé will attract young buyers – it expects many of them to be women – into its dealerships.

People who buy Hondas tend to get hooked on the marque and have one after another. Honda is banking on the coupé, which a cynic might call a sheep in wolf's clothing, to start the process much earlier.

Toyota makes it plain that the Celica GT is a purpose-designed coupé, not a two-door version of a saloon. A re-worked engine with 10 per cent more power makes it faster (a claimed 139mph/224kph maximum) than the last model. This is, of course, just for test tracks. A new Celica I drove in Portugal the other day struck me, above all, as a civilised sports car.

On rough roads, the wide tyres did not thump or bang unduly; the engine made lovely noises when accelerating hard but motorway cruising was quiet; and the Celica handled and held the road well enough to flatter the skill of an averagely competent driver.

It comes with all the usual kit: driver's side air bag; anti-lock brakes; powered steering, sun roof, windows and mirrors; and a good security system. A five-speed gearbox is the only transmission available and air-conditioning is an optional extra. On the Isle of Man, where I sampled the Civic coupé, there are no speed limits away from the urban areas. But, apart from the smoothly-surfaced and potentially very fast TT racing circuit, Manx roads seem to have changed little since the horse and cart era.

The whole time I was there, it rained so, while I cannot talk from experience about the Civic coupé's performance, I can vouch for its sure-footedness.

I thought it a charming car, easy to drive yet with spirited responses. It has power steering as standard and can be had with automatic transmission at extra cost, although a driver's side air bag or anti-lock brakes are not available.

I could see a two-pedal Civic coupé captivating many women drivers who came to the conclusion long ago that gear-shifting was tiresome and unnecessary. At the same time the young will enjoy the finger-light, five-speed gearbox of this affordable, occasional four-seater.

Honda executives think the Civic coupé could become a cult car of 1994.

I think they may be right.

Financial Times Round the World Ski Expedition/Arnie Wilson

A dizzy fall from the heights

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They spent February in North America.

We had expected the US southern states and the mid-west to be different from Colorado, but we hadn't realised quite how different. We should have guessed from the enormous altitude change – almost 13,000ft at Breckenridge to scarcely 1,000ft above the Mississippi at Mount Lacrosse, Wisconsin.

Here, ski resorts are sited in the most ridiculous places. Cloudmont in Alabama, for example, is tiny, pretty and bizarre and if there were a competition for really small ski areas, I would hand it first prize straight away because it is kept going against all odds.

Lucy Dicker, my companion on this round-the-world ski expedition, and I had the honour of being the last skiers this winter to descend the only run at Cloudmont with enough snow on it to remain open. And when Cloudmont closes for skiing, so does Alabama.

Cloudmont, in a peaceful wooded vale not far from Chattanooga, has a vertical drop of just 150ft and only one "pony" tow, with no chairlifts. And there are just two runs: half of the gently sloping fields that make up the skiing terrain is for intermediates; the other half is the nursery slope.

During our visit, the beginners' slope had melted completely, and only 90ft remained of the intermediate slope.

But then you might think it miraculous that Alabama can manage a ski resort at all, let alone one which next winter will celebrate its quarter century as the only ski area Alabama has ever had.

Normally Cloudmont gets just 12 inches of snow a year, an inch or two at a time. Gary Jones, who runs Cloudmont with six relations and a few friends, makes nearly all the snow himself.

February has turned out to be a month of feast or famine for our adventure: we caught Colorado at its best and the Mid-West at its most unpredictable – a week before we arrived at Ski Butler in Kentucky there had been a heatwave.

During the month we have featured in some strange-sounding newspapers, such as the Idaho Falls Post Register, the Ashland Daily Tidings, and the Record Searchlight.

One headline read: "Surgery can't stop ski writer." Our mission to ski every day of 1994 came under threat in Paoli Peaks, Indiana, when I required inconvenient minor surgery. While recovering, Lucy and I made a daily pilgrimage to Paoli and, rather gingerly, skied one run just to keep our record intact.

Arnie Wilson and Lucy Dicker have been challenged to ski 5,000 miles during 1994 – but tiny resorts in the US have reduced their mileage

Facts and figures

February statistics

Miles skied: 223. (January: 312. Total: 535)
Vertical feet: 263,000 (January: 354,650; Total: 617,650)
Vertical miles: 49 (January 67. Total 116)
Miles driven: 4,204 (January 4,907. Total 9,111)
Resorts visited so far: 49 (US: 36, Canada: 13)

Resorts skied in February

Canada: Nakiska; Fortress Mountain; Fairmont Hot Springs.
US: Montana: The Big Mountain; Big Sky; Bridger Bowl; Red Lodge Mountain. Colorado: Arapahoe Basin; Keystone; Breckenridge; Copper Mountain; Ski Cooper. Wisconsin: Mount Lacrosse; Devil's Head; Cascade Mountain; Alpine Valley. Illinois: Villa Olivia; Four Lakes Village. Indiana: Paoli Peaks; Ski World. Kentucky: Ski Butler. Tennessee: Ober Gatlinburg. Alabama: Cloudmont.

Expedition sponsors

Ski the Summit, Colorado; Hewlett-Packard; Avis; American Airlines; Air New Zealand; Snow + Rock; Fogg Travel Insurance; Lufthansa; Champagne Mercier; Clarins

Earlier in the month, at Montana's Big Mountain, we took a Snow Cat tour, travelling in an old gondola bolted onto the Cat – a Heath Robinson device. And at Big Sky the sun came out and warmed the bones which had been so chilled the previous week. It was a day of fast cruising mixed with some more adventurous and steeper terrain off the recently opened Challenger Quad chair.

One special area I was anxious to try in Ski the Summit's resorts was the latest addition to the skiing terrain at Breckenridge, Peak 7. Unlike Peaks 8, 9 and 10, this mountain has no lifts, is completely ungroomed, and involves a tough 30-minute hike followed by a serious descent through a steep and often deep snowfield.

My hands and feet were frozen when I got to the top, and all I could think about was getting out of the piercing wind, but as we started our descent, several things started happening at once. Lucy fell almost immediately, and in my eagerness to help her I promptly took a tumble myself, temporarily losing a ski.

Then I found my goggles had frozen over inside my jacket and Lucy told me that my nose had turned white with frostbite. We managed to pick ourselves up and, trying hard to keep my nose covered, we skied out of the wind. For two weeks my nose looked as if it had been left out for too long in the Caribbean. It has only just healed.

Our last day's skiing in Colorado until we return in December was a morning of Cat skiing at Ski Cooper.

And so to our dizzy fall from the heights of Colorado to the lows of Wisconsin: in the Rockies, when it rains in the ski village there is a strong chance that it will be snowing higher up. In the mid-west states there is usually no higher up. If it is raining low down, it is almost certainly raining on the slopes too. Skiing in torrential rain was one thing we hadn't really bargained for.

That evening – still in pouring rain – we skied at Cascade Mountain. Strangely, once committed to skiing in the rain it feels quite snug under your hood, hat and goggles. It was only when we had completed five miles in the two resorts (not easy with a vertical drop of only 500ft or less) that we realised quite how drenched we were.

At Mount Lacrosse, Wisconsin, pain in my left foot became a major problem and I had four people crowding round me – Ted Motschman, owner, Tom Caspersen, rental manager, and Matt Kleppe, head boot-fitter, plus Bruce Erdmann, orthopaedic specialist – to advise about my crippled foot. My boot was successfully "blown out" and I have now stopped limping.

On the outskirts of Chicago, the ski "resorts" get even smaller. Villa Olivia's vertical drop is only 180ft. And we arrived at Four Lakes Village to find a vertical drop of just 100ft and no lifts – only tow ropes.

While most skiers would prefer to ski in the Alps or Rockies, this does not mean that all ski areas have to be huge or even anywhere near a mountain. As long as it is cold enough to make snow at night you could build a ski area just about anywhere – and these states prove it.

In Indiana and Kentucky, four resorts are fighting in the same unlikely catchment area: Paoli Peaks, Ski World, Perfect Slopes and Ski Butler. Their winter season can be as short as 90 days or even less, and to make the most of the snow they make there is night skiing – even all-night at weekends.

Paoli Peaks, run by a Swiss couple, Felix and Margarit Wurmli-Kagi, is probably the best of the four areas and they certainly make the best snow. Felix is a snow-making boffin and has even patented his own snow-making machine.

Having just caught Cloudmont in time, we now head for North Carolina via Chattanooga. We must make haste, because to the resorts it is already spring and the snow is melting fast....

COMPETITION

WIN A SKIING HOLIDAY IN COURMAYEUR

In the third of our Round-the-World competitions, simply answer three questions below, and estimate how many miles Arnie Wilson will ski during March. The winner will receive a week's skiing holiday for two in Courmayeur, Italy, provided by *Bladon Lines, and the runner up will receive* Salomon ski equipment worth more than £500 provided by Snow + Rock.

QUESTIONS

1. In France, which colour indicates most difficult ski runs?
a. Red b. Yellow c. Black

2. What is the word "mogul" used to describe?
a. A bump in the piste b. A hot wine drink c. A tourist

3. For which mountain is Zermatt famous?
a. Mt Blanc b. Matterhorn c. Table Mountain

And how many miles will Arnie ski this month?

THE PRIZES

Bladon Lines has hotels and chalets in the top European ski resorts (tel: 081-785 3131), plus A La Carte holidays wherever you wish (081-780 9994). Its prize includes flights, transfers, chalet accommodation and meals.

Snow + Rock is a specialist provider of ski and mountain equipment. It has ski gear for all levels of skier, notably quality skis and boots from Salomon.

BLADON LINES

SNOW + ROCK SALOMON

HOW TO ENTER

Send your answers, plus your estimate of Arnie's mileage, with your name and address on a postcard to: Round the World Competition, Marketing Department, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FEBRUARY COMPETITION: ANSWERS AND WINNERS

Answers: Double black diamonds indicate most difficult runs in the US; Animal hides were used in Finland; Norway hosted the Winter Olympics. Winner: Mrs M Denman of Beckenham, Kent wins a holiday for 2 in Courchevel or Verbier with FlexiSki. Runners up: Paula Larkola, Germany, and Kre Moberg, Bergen, Norway, each receive cases of Singleton malt whisky.

TERMS AND CONDITIONS

1. Entries on a postcard to: Round the World Competition, Marketing Department, Financial Times, Number One Southwark Bridge, London SE1 9HL. 2. The closing date for receipt of entries is Wednesday March 30, 1994. Proof of posting is not proof of receipt. No responsibility is accepted for entries lost, damaged or delayed in the post. 3. This competition is open to all readers over the age of 18, other than employees or their immediate family of the Promoter, or any agency or any other person directly associated with this competition. Only the closest entry per household will be considered. 4. By entering this competition, the Entrant will be deemed to have read and understood those rules of which the entry instructions form part and to be bound by them. 5. Prizes will be awarded in order of merit to those entrants who correctly answer questions 1-3 and who in the [illegible]

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Walking the Dog. 7.50 Peter Pan and the Pirates. 8.15 Chucklevision. 8.35 The Flintstones. 9.00 Live and Kicking.

12.12 **Weather.**
12.15 **Grandstand.** 12.20 Rugby Union. 12.25 Racing from Newbury: The 12.30 Eastleigh Handicap Hurdle. 12.40 Football Focus: Preview of the coming week's international matches. 12.55 Racing: The 1.00 Berkshire Hurdle 1.10 News. 1.15 Rugby Union. 1.25 Racing: The 1.30 North Sydmonton Handicap Chase. 1.40 Rugby Union: France v England. Live coverage from the Parc des Princes in Paris. 3.35 Rugby Union: Ireland v Scotland. Action from the International at Lansdowne Road in Dublin. 4.35 Final Score. Times may vary.
5.15 **News.**
5.25 **Regional News and Sport.**
5.30 **Barney Bear Double Bill.**
5.50 **Song for Europe Preview 1994.** New series. Frances Ruffelle performs the first two options from which the UK entry for this year's competition will be selected.
6.00 **The New Adventures of Superman.** The man of steel is forced to stop using his powers when the citizens of Metropolis blame him for causing a freak heatwave.
6.45 **Noel's House Party.** Fun from Crinkley Bottom, including a guest appearance by Bob Monkhouse, a Gotcha Oscar for Sue Barker, and a gunge battle between daytime TV presenters Ross King and Alan Titchmarsh.
7.45 **Big Break.**
8.15 **Do the Right Thing.** Moral dilemmas game show. Terry Wogan hosts as a celebrity panel and studio audience make decisions of conscience.
9.00 **Birds of a Feather.** Sharon decides to move up-market and sets out to give the cafe a facelift – but her plans go badly wrong. Pauline Quirke stars.
9.30 **That's Life!**
10.10 **News and Sport; Weather.**
10.30 **Match of the Day.** Highlights from two of today's Premiership matches.
11.30 **Film: She Was Marked for Murder.** A wealthy widow marries a younger man after a whirlwind romance – then finds he is planning to bump her off. Suspense drama, starring Stefanie Powers (TVM 1988).
1.05 **Bowls: World Indoor Championships.** Highlights from today's pairs finals.
2.05 **Weather.**
2.10 **Close.**

BBC2

6.00 Open University. 12.15 pm Film: My Brother Talks to Horses.

1.45 **Great Crimes and Trials of the 20th Century.** New series. The murder of aviator Charles Lindbergh's baby, which stunned Depression-era America when the body was finally found after a 72-day search.
2.10 **Horizon.** An investigation into the possibility of earth being hit by an asteroid, and the devastation such an impact would cause.
3.00 **Film: One of Our Aircraft is Missing.** An RAF bomber is shot down during a raid on Stuttgart, forcing its crew to bail out over Nazi-occupied territory. Second World War drama, starring Godfrey Tearle (1941).
4.40 **Bowls: World Indoor Championships.** The final of the pairs competition, with £12,000 in prize money up for grabs.
6.45 **Late Again.** Highlights from last week's Late Show editions.
7.30 **Scrutiny.** Insight into the work of the parliamentary committees.
8.00 **News and Sport; Weather.**
8.15 **Crufts 1994: World of Dogs.** New series. Preview of the top canine event, including a look at some of Britain's favourite and rarest breeds.
8.50 **Unplugged.**
9.15 **Laurel Avenue.** Sheila's date with Fletcher takes a deadly turn when he suddenly produces a gun. Woody argues with Kathleen about his career options.
10.10 **Between the Lines.** Det Supt Clark's investigation of a complaint brought against a dead police officer by a known villain has serious repercussions. Drama, starring Neil Pearson, Tom Georgeson, Siobhan Redmond and Tony Doyle. Shown previously on BBC1.
11.00 **Arena.** Derek Jarman's last film, Glitterbug, shown as a tribute to the late director. During the 1970s and 1980s, he obsessively documented his life with a home-movie camera, and this feature contains material taken during those years, including a look at the Alternative Miss World competition and exclusive behind-the-scenes footage shot on the set of his controversial movies Jubilee and Sebastiane.
12.00 **Film: Ariel.** Finnish road movie following the exploits of an unemployed man making the most of his free time in an open-top Cadillac. Turo Pajala stars (1988). (English subtitles).
1.10 **Later with Jools Holland.**
2.05 **Close.**

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 **ITN News; Weather.**
1.05 **London Today; Weather.**
1.10 **Movies, Games and Videos.** Reviews of Philadelphia, starring Tom Hanks, and the Disney classic Bambi. Plus, a look at the world of virtual reality.
1.40 **NBA Basketball.** Alton Byrd introduces the game of the week.
2.45 **Film: Seven Nights in Japan.** Romantic adventure, starring Michael York as a British prince on a visit to the East who absconds from his duties and falls for a Japanese tourist guide (1976).
4.40 **ITN News and Results; Weather.**
5.00 **London Tonight and Sport; Weather.**
5.10 **Baywatch.** Former lifeguard John Cort tries to rekindle his romance with the lovestruck C.J. Hobie and Mitch come to the rescue of a cruelly exploited sideshow giant.
6.00 **You Bet!** New series. Matthew Kelly hosts the charity challenge show, with Peter Duncan, Roy Hattersley, Emma Forbes and the casts of London's Burning and Starlight Express.
7.00 **Barrymore.** Coronation Street actress Liz Dawn joins Michael for a song, while the Chobham Bell Ringers perform an unusual arrangement and the Fosbrook Clog Dancers put their best feet forward.
8.00 **Inspector Morse.** The founder of a private hospital is murdered and suspicion falls on a former bookmaker whose daughter suffered brain damage during routine surgery. Morse is moved by the man's fatherly devotion – but is he allowing a sense of compassion to cloud his judgment? John Thaw, Kevin Whately, Janet Suzman and Brian Cox star. Repeat.
10.00 **ITN News; Weather.**
10.15 **Film: The Fly.** Premiere. Scientist Jeff Goldblum undergoes repellent physical changes after a teleportation experiment goes wrong. Gruesome horror, with Geena Davis (1986).
12.00 **Comedy Club.**
12.30 **The Big Fight Special.**
1.30 **Tour of Duty.**
2.25 **The Round-the-World Yacht Race; ITN News Headlines.**
2.30 **The Big E.**
3.25 **Get Stuffed; ITN News Headlines.**
3.30 **New Music.**
4.30 **BPM.; Night Shift.**

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 10.00 Tony Jacklin's Pro-Celebrity Golf. 11.00 Gazzetta Football Italia. 12.00 World Tennis. 12.30 pm Islamic Conversations.

1.00 **Film: Seven Days to Noon.** Tense thriller, starring Barry Jones as an unhinged nuclear scientist threatening to destroy London. With Olive Sloane and Joan Hickson (1950).
2.50 **Racing from Doncaster.** Introduced by Derek Thompson. The 3.00 Light Infantry Plate (H'cap) Hurdle, 3.35 Velka Pardubicka Grimthorpe Handicap Chase, 4.05 Mitsubishi Shogun Handicap Chase, and the 4.40 Denka/Nec Handicap Hurdle. Commentary by Graham Goode, Jim McGrath, John McCririck, John Tyrrel and Alastair Down.
5.05 **Brookside.**
6.30 **Right to Reply.** Viewers' reports and ideas about TV.
7.00 **A Week in Politics.** Irreverent recap of recent political developments; **News Summary.**
8.00 **Kingdoms in Conflict.** The animals and tribesmen of Kenya's Amboseli's National Park, one of the world's most popular wildlife sanctuaries. The film examines the problems, both man-made and natural plaguing the reserve – including the depletion of its acacia woodlands whose foliage is vital to the survival of giraffes and antelopes. Narrated by Andrew Sachs.
9.00 **NYPD Blue.** Sipowitz goes undercover in a topless bar to crack a prostitution ring, and Kelly interrogates a man suspected of a spate of taxi robberies – one of which led to the death of a driver. Police drama, starring David Caruso and Dennis Franz.
10.00 **Don't Forget Your Toothbrush.** Madcap showbiz extravaganza.
11.05 **United States of Television.** Laura Kightlinger looks at American TV's attempts to cater for minorities, ranging from gay and lesbian programmes In the Life and Out There, to dramas and sitcoms for the black community, including South Central and Uptown Comedy Club.
11.50 **Broadway Stories.** Damon Runyon tale set in 1930s America about the rivalry and greed between contestants in a small-town pie-eating contest.
12.20 **Late Licence.**
12.30 **Viva Cabaret.**
1.20 **Roger Mellie.**
1.45 **Herman's Head.**
2.15 **The Word.**
3.15 **The Secret Policeman's Third Ball.**
4.20 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 Cartoon Time. 1.20 The Munsters Today. 1.50 COPS. 2.20 Target Risk. (TVM 1975) 3.45 Knight Rider. 4.55 Anglia News and Sport 5.15 Cartoon Time. 10.25 Anglia Weather.

BORDER: 12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Journey to the Centre of the Earth. (1959) 3.00 The A-Team. 3.55 Superstars of Wrestling. 5.00 Border News and Weather 5.15 Cartoon Time.

CENTRAL: 12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Knight Rider. 3.00 The A-Team. 3.55 WCW Worldwide Wrestling. 4.55 Central News 5.00 The Central Match – Goals Extra. 5.10 Cartoon Time.

CHANNEL: 12.30 Heidi. 1.05 Channel Diary. 1.10 Sail the World. 2.40 Cartoon Time. 2.50 Panic in Echo Park. (TVM 1977) 4.15 The Munsters Today. 4.55 Channel News. 5.00 Puffin's Pla(i)ce. 5.10 Cartoon Time.

GRAMPIAN: 12.30 Cruinne-Ce. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Sail the World. 2.40 Delia. (1964) 3.55 WCW Worldwide Wrestling. 4.55 Grampian Headlines 5.00 Grampian News Review. 5.10 Cartoon. 10.25 Grampian Weather.

GRANADA: 12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Journey to the Centre of the Earth. (1959) 3.00 The A-Team. 3.55 Superstars of Wrestling. 4.55 Granada News 5.00 Cartoon Time.

HTV: 12.30 The Great Bong. 1.05 HTV News. 1.10 Sail the World. 1.40 The Lost World. (1960) 3.15 Movies, Games and Videos. 3.45 The A-Team. 5.00 HTV News and Sport 10.25 HTV Weather.

MERIDIAN: 12.30 Heidi. 1.05 Meridian News. 1.10 Sail the World. 2.40 Cartoon Time. 2.50 Panic in Echo Park. (TVM 1977) 4.15 The Munsters Today. 4.55 Meridian News. 5.10 Cartoon Time.

SCOTTISH: 12.30 Extra Time. 1.05 Scotland Today. 1.10 Speaking Our Language. 1.40 Telefios. 2.10 Panic in Echo Park. (TVM 1977) 3.30 Around the World in 15 Minutes with Peter Ustinov. 3.50 The A-Team. 5.00 Scotland Today 5.05 Cartoon Time. 10.25 Scottish Weather.

TYNE TEES: 12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 The Horse Without a Head. (1963) 3.45 Knight Rider. 4.55 Tyne Tees Saturday

ULSTER: 12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.45 The Munsters Today. 2.15 Carry On Cruising. (1962) 3.55 WCW Worldwide Wrestling. 5.00 UTV Live Early Evening News 5.05 Saturday Sport. 10.25 UTV Live News

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.10 NBA Basketball. 2.10 Carry On Teacher. (1959) 3.45 The A-Team. 5.00 Westcountry Weekend Latest.

YORKSHIRE: 12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Munsters Today. 1.35 Wanted: Dead or Alive. 2.05 The Horse Without a Head. (1963) 3.45 Knight Rider. 4.55 Calendar News.

SUNDAY

BBC1

7.30 Penny Crayon. 7.40 Playdays. 8.00 The Little Green Planet Show. 8.15 Breakfast with Frost. 9.15 Lead Kindly Light. 10.00 See Hear! 10.30 Lingo! 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 If the Worst Happens. 11.40 What Shall We Tell the Children?

12.00 **Family Affairs.** A consumer's guide to nappies, and road safety for children.
12.30 **CountryFile.**
12.55 **Weather for the Week Ahead.**
1.00 **News.**
1.03 **On the Record.** Political review, with John Humphrys.
2.00 **EastEnders.**
3.00 **Film: The Pink Panther.** The first of the crime comedies starring Peter Sellers as the inept Insp Clouseau. Here pursuing a notorious jewel thief (1964).
4.50 **The Clothes Show.**
5.15 **Song for Europe Preview 1994.**
5.25 **Antiques Roadshow.** The experts visit Olympia in London.
6.10 **News.**
6.25 **Songs of Praise.** Sir Anthony Hopkins, Debra Winger and Richard Attenborough join Alan Titchmarsh in the village of Headington Quarry, Oxford, to celebrate Christian author C.S. Lewis' life.
7.00 **As Time Goes By.**
7.30 **The House of Eliott.** Evie faces a difficult decision when Daniel is offered the chance to study art in Paris – should she accompany him, leaving Bea to manage the business on her own?
8.20 **Film: Twins.** Enjoyable blockbusting comedy, starring Arnold Schwarzenegger and Danny DeVito as unlikely twins who go in search of their mother (1988).
10.05 **News and Weather.**
10.20 **Sunday Night Clive.** Billy Connolly joins Clive James in the studio, and Paul Merton takes a wry look at the week's international headlines.
11.05 **Heart of the Matter.** Are Britain's blasphemy laws outdated, or should they be enforced more stringently? Joan Bakewell weighs the pros and cons, talking to director Nigel Wingrove, whose film Visions of Ecstasy was refused a classification because it was deemed offensive to Christians, and Iranian poet Esmail K'hoi, who has been forced to live in hiding in Britain after his poems drew hostile criticism.
11.40 **Channel Hopping.** Job opportunities in Provence.
12.10 **The Sky at Night.** News on the latest lunar mission.
12.30 **Weather.**
12.35 **Close.**

BBC2

6.15 Open University. 9.10 Draw Me. 9.25 Simon and the Witch. 9.40 The Animals of Farthing Wood. 10.05 Incredible Games. 10.30 Grange Hill. 10.55 Short Change. 11.20 Earthfasts. 11.45 The O Zone. 12.00 Dr Who. 12.25 pm The Fugitive. 1.15 The Phil Silvers Show.

1.40 **The Living Soap.** Karen becomes jealous of her fellow students and Colin's friends celebrate his 21st birthday in tasteful style.
2.00 **Around Westminster.** Review of the latest political developments.
2.30 **Bowls: World Indoor Championships.** Action from the final of the singles competition at the Guild Hall, Preston.
5.00 **Sarajevo: A Street under Siege.**
5.10 **Rugby Special.** Highlights of yesterday's Five Nations matches: France v England in Paris, and Ireland's clash with Scotland at Lansdowne Road.
6.10 **The Natural World.** Film on killer whales.
7.00 **Trouble in the Magic Kingdom.** Reports from Paris and America on the future of EuroDisney, the theme park whose losses last year totalled more than US$900m.
7.40 **Moving Pictures.** As The Joy Luck Club opens in Britain, its director Wayne Wang gives a tour of locations used in his previous films Dim Sum, and Eat a Bowl of Tea. Plus, a preview of Polish film-maker Krzyztof Kieslowski's Three Colours trilogy.
8.30 **Broken Lives.** Dramatised documentary revealing stories of adultery and marital breakdown in the 18th century, a time when divorce was frowned on and unhappy couples spent fortunes trying to escape failed marriages. The film focuses on a Yorkshire woman who dabbled in adultery with the family stable boy, a violent squire who kept his wife in chains, and a duke made to demonstrate his manhood in front of a divorce court.
9.20 **Notes and Queries with Clive Anderson.** Clive is joined by Carol Vorderman, Richard O'Brien and Jeremy Clarkson to answer a host of bizarre and unusual questions.
9.50 **Laurel Avenue.** Conclusion of the acclaimed drama. Rolanda appears at the party in a drug-induced stupor, and the full misery of her lifestyle becomes apparent.
10.40 **Film: Frenzy.** Hitchcock thriller, starring Barry Foster and Jon Finch (1972).
12.35 **Bowls: World Indoor Championships.**
2.05 **Close.**

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 This Sunday. 11.00 A Meditation. 12.00 This Sunday. 12.30 pm Crosstalk; London Weather.

1.00 **ITN News; Weather.**
1.10 **Walden.** Brian Walden asks Sir Edward Heath about the Tory manifesto and what it should say about the future of the European Union.
2.00 **Animal Country.** Wildlife magazine. With Desmond Morris and Sarah Kennedy.
2.30 **The Sunday Match.** Millwall v Leicester. Matthew Lorenzo and Ian St John introduce live coverage of the Division One match from the New Den.
5.05 **Father Dowling Investigates.** The crime-busting crusader takes on his most dangerous enemy – the Devil.
6.00 **London Tonight; Weather.**
6.20 **ITN News; Weather.**
6.30 **Film: Robin Hood.** Premiere. Atmospheric re-telling of the folk legend, starring Patrick Bergin as the forest-dwelling folk hero who leads his merry men against the cunning Sheriff of Nottingham and his sword-wielding cronies. With Uma Thurman, Jurgen Prochnow and Edward Fox (1990).
8.20 **Anna Lee.** Imogen Stubbs as the fresh-faced investigator finds evidence against a drink-driver responsible for the death of a child. But the discovery leads to danger when she is mistaken for a murderer and held at gunpoint – while the real killer closes in. With Brian Glover, Sonia Graham, Wilbert Johnson, John Rowe and Peter Firth.
10.20 **ITN News; Weather.**
10.30 **London Weather.**
10.35 **The South Bank Show.** Profile of acclaimed harmonica player Larry Adler, currently celebrating his 80th birthday and recording an album of music by his friend George Gershwin. Presenter Melvyn Bragg interviews Adler and reports on his latest project.
11.35 **Sail the World.** Coverage of the fourth leg as the yachts round Cape Horn.
12.05 **Cue the Music.**
1.05 **The Round-the-World Yacht Race.**
1.10 **Film: Express to Terror.** Futuristic disaster movie about a nuclear-powered train whose inaugural journey becomes a nightmare. Starring Steve Lawrence and George Hamilton (1979).
2.55 **Off Beat.**
3.25 **Get Stuffed; ITN News Headlines.**
3.30 **Snooker: The European League.**
5.00 **Dining in France.**

CHANNEL4

6.05 Early Morning. 9.45 The Lone Ranger. 10.15 Saved by the Bell. 10.45 Planet of the Apes. 11.45 Little House on the Prairie.

12.45 **Wild India.** The hunters who hung up their guns and became conservationists after driving the country's big cat population to the brink of extinction.
1.45 **Football Italia.** Action from Juventus v AC Milan.
4.00 **Dinosaur Footprints.** Investigation into possible reasons for the demise of the prehistoric reptiles.
5.00 **Allegretto.** Classic 1936 abstract animation.
5.10 **News Summary; Weather.**
5.15 **The Money Police.** A behind-the-scenes investigation into the work of the Serious Fraud Office. Director George Staple and other top officials discuss their work and reveal how they are tackling 60 cases together worth £8bn. Are recent unsuccessful prosecutions evidence of the office's incompetence, or are many judges simply unable to grasp the complexities involved in high-level deception?
6.00 **Moviewatch.** Reviews of Wayne Wang's The Joy Luck Club, My Life, starring Nicole Kidman and Michael Keaton, and Steven Seagal's directorial debut, On Deadly Ground.
6.30 **The Cosby Show.**
7.00 **Encounters.** Why the twin impacts of tourism and new legislation threaten the future of the New Forest.
8.00 **The Goldring Audit.** Mary Goldring examines the state of the BBC, interviewing board of governors chairman Marmaduke Hussey and director general John Birt about the controversial changes being introduced into the corporation's programme-making process. She discovers dissension within the ranks over new structure proposals and considers the continuing debate over the future of the licence fee.
9.00 **Cinefile.** Director Quentin Tarantino presents a profile of actor Robert De Niro.
9.30 **Film: The Deer Hunter.** Slick, contrived Oscar-winning Vietnam war drama chronicling the impact of the conflict on the lives of six Pennsylvanian steel workers. Starring Robert De Niro (1978).
12.55 **Film: The Legend of the Suram Fortress.** Georgian fable about a community's attempts to repel invaders. Starring Venerik'o Andzhaparidze (1984). (English subtitles).
2.30 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Food Guide. 12.55 Anglia News. 2.00 Wish You Were Here? 2.30 Anglia Sport Special. 5.00 Bullseye. 5.30 Animal Country. 6.00 Anglia News on Sunday 10.30 Anglia Weather.

BORDER: 12.30 Gardener's Diary. 12.55 Border News. 2.00 Desiree. (1954) 4.00 Coronation Street. 5.00 Scotsport. 6.15 Border News.

CENTRAL: 12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 It's Your Shout. 2.50 The Central Match – Live. 5.15 Bullseye. 5.45 Hit the Town. 6.15 Central News 10.30 Local Weather. 11.35 Murder, She Wrote.

CHANNEL: 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 The Pier. 2.25 The Listings. 2.30 Sunday Sport Live! 5.00 Country Ways. 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Channel News. 11.35 The Pier.

GRAMPIAN: 11.00 Sunday Service. 11.45 Eikon. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 That's Debatable. 3.00 Zorro. 3.30 Movies, Games and Videos. 4.00 Small Talk. 4.15 Animal Country. 4.45 Famous for Fifteen. 5.00 Scotsport. 6.15 Grampian Headlines 10.30 Grampian Weather. 11.35 Living and Growing for Adults.

GRANADA: 12.25 Granada On Sunday. 12.55 Granada News 2.00 The Granada Match – Update. 3.00 A Cry in the Wilderness. 4.20 Father Dowling Investigates. 5.15 Coronation Street. 6.15 Granada News.

HTV: 12.25 Meredith on Sunday. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 World Cup Hall of Fame. 2.45 The West Match. 5.15 Highway to Heaven. 6.15 HTV News. 10.30 HTV Weather. 11.35 Wanted: Dead or Alive.

MERIDIAN: 12.30 Seven Days. 12.50 Meridian News. 2.00 The Pier. 2.25 The Listings. 2.30 Sunday Sport Live! 5.00 Country Ways. 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Meridian News. 11.35 The Pier.

SCOTTISH: 11.00 Sunday Service. 11.45 Eikon. 12.30 Wemyss Bay 902101. 12.55 Scotland Today. 2.00 The Swiss Family Robinson. (1960) 4.30 Coach. 5.00 Scotsport. 6.15 Scotland Today 10.30 Scottish Weather. 10.35 NB Special. 11.15 The South Bank Show.

TYNE TEES: 12.25 Tyne Tees Newsweek. 12.55 Tyne Tees News. 2.00 Highway to Heaven. 2.55 Sayonara. (1957) 5.35 Cartoon Time. 5.50 Tyne Tees Weekend. 11.35 Urban Angel.

ULSTER: 12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Sunday Worship. 3.00 Bon Voyage. 3.30 Life Goes On. 4.30 Police Six. 4.40 Father Dowling Investigates. 5.40 Bullseye. 6.10 Witness. 6.15 UTV Live Early Evening News 10.30 UTV Live News

WESTCOUNTRY: 12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Sail the World. 2.30 The King's Pirate. (1967) 4.20 Roadrunner. 4.50 Getaways. 5.20 Life Goes On. 6.15 Westcountry Weekend Latest. 11.35 Wild World of the East.

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Sayonara. (1957) 5.35 Cartoon Time. 5.50 Calendar News and Weather 10.30 Local Weather. 11.35 Urban Angel.

RADIO

SATURDAY

BBC RADIO 2

6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Sunday. 1.30 Ken Dodd's Comedy Club. 2.00 Ronnie Hilton 3.00 Steve Race. 4.00 The Hippodrome. 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Great Swing Battles. 7.00 At Home With. 7.30 Maria Friedman - By Special Arrangement. 9.00 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Jon Briggs. 4.00 Sujata Barot.

BBC RADIO 3

6.30 Open University: Managing Schools.
6.55 Weather.
7.00 Record Review. Corelli, Mozart, Verdi, Reger, Haydn, Ravel.
9.00 Building a Library. Nielsen's Symphony No 3, by Edward Seckerson
10.10 Record Release. Gibbons, Bach, Mozart.
11.15 Reissues. Janacek.
12.00 Spirit of the Age.
1.00 News.
1.05 A Personal View.
1.25 Raglan Baroque Players.
3.00 Russia in the Thirties.
5.00 Jazz Record Requests.
5.45 Music Matters. Report on a Spanish arts festival in Britain.
6.30 Live from the Met. Verdi's Stiffelio.
9.25 The Reith Lectures: Managing Monsters. How British identity is changing. Last in series.
9.55 Nocturne. Haydn.
10.15 Tim Berne's Caos Totale. With jazz composer and saxophonist Tim Berne and his sextet.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 Just a Minute.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444. Phone-in response programme.
2.30 Playhouse: The Peacock's Tail. Mark Barratt's dramatisation of the life of alchemist Paracelsus.
3.45 Four on a Tour. Experiences of four American tourists.
4.00 Age to Age. Report on plans to privatise the Forestry Commission.
4.30 Science Now.
5.00 File on 4. New moves to tighten Britain's trespass laws.
5.40 Siesta Days, Fiesta Nights.
6.00 News and Sports.
6.25 Week Ending.
6.50 Ad-Lib.
7.20 Kaleidoscope. Gourmet's guide to saxophonists.
7.50 Saturday Night Theatre: Shoot! By Mark Brennan.
9.05 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Dear Teacher. With author Colin Dexter.
10.30 A City Called Glory. Neil McKay play about Sam Cooke.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Bully.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 International Cricket.
10.15 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News; British News: The World Today. 6.30 Europe Today. 7.00 News. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports. 10.00 Printer's Devil. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 News. 11.30 BBC English. 11.45 Mittagsmagazin; News in German. 12.00 News; Words of Faith; Multitrack Three. 12.45 Sports. 1.00 Newshour. 2.00 News; John Peel. 2.30 Sportsworld. 3.00 News; Sportsworld. 4.00 News; British News; BBC English. 4.30 Heute Aktuell. 5.00 News; Sportsworld. 5.30 BBC English. 6.00 News. 6.30 Heute Aktuell. 7.00 Nachrichten. 7.05 Weekend Feature. 8.00 News; Words of Faith; Personal View; Jazz for the Asking. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 News. 12.30 The John Dunn Show. 1.00 News. 1.01 Play of the Week: You May Leave The Show Is Over. 2.00 News. 2.30 The Art of Travel. 3.00 News; British News; Sports. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News: Alexis Korner's Rhythm n Blues. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 The Jack Hylton Story. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3

6.30 Open University: American Conversations. 6.55 Weather.
7.00 Sacred and Profane. Leclair, Gibbons, Tallis arr Kronos Quartet, Bach, Poulenc, Mozart, Janacek, Milhaud.
9.00 Brian Kay's Sunday Morning.
12.15 Music Matters.
1.00 News.
1.05 From the Proms 1993. Berlioz, Tchaikovsky, Saint-Saens, Rimsky-Korsakov.
2.45 Haydn and his Wife. Haydn and Boccherini.
4.30 The BBC Orchestras. Mahler, Bartok, Elgar.
5.45 Making Waves. With psychoanalyst Adam Phillips.
6.30 Joanna MacGregor. Bach, Nancarrow, Satie, Debussy.
7.30 Sunday Play: Elgar's Third. By David Pownall. With Bernard Hepton.
9.15 Music In Our Time. Robin Holloway and Rupert Sawden.
10.30 Choir Works. Schmidt.
12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Brian Hartgen. Speaks on behalf of Disability Network.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Were You There? Debate on anger.
10.15 The Archers.
11.15 Mediumwave.
11.45 Itchy Feet. Travellers' tales.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: Prisoners of Honour.
3.30 Pick of the Week.
4.15 Analysis. Taxation and public spending.
5.00 The Knowledge.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile. Stocks and shares in Poland.
7.00 The Word on the Street.
7.30 Conversation Piece.
8.00 (LW) Open University. 8.00 VIPs: Marie Curie. 8.30 Generals of the Revolution: Henry Maudslay – The Backroom of the Revolution. 8.50 Joe Booth on Generals of the Revolution. 9.00 Creative Management: Mind Sets. 9.20 Patterns of Consumption. 9.40 Studying the History of the Family.
8.00 (FM) Age to Age. Plans to privatise the Forestry Commission.
8.30 (FM) SOS. Water engineer Jo Parker.
9.00 (FM) The Natural History Programme.
9.30 (FM) Days of Good Hope. The future of South Africa.
10.00 News.
10.15 Concerto. With classical guitarist Julian Bream.
11.00 In Committee.
11.30 Seeds of Faith. The Pope's Divisions.
12.00 News.
12.33 Shipping Forecast.
12.43 (LW) As World Service.
12.43 (FM) Close.

BBC RADIO 5

6.00 World Service.
6.30 Mark Curry's Weekend Edition.
9.30 The Wind in the Willows.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Room 101.
1.00 A Century Remembered.
1.30 International Cricket Plus.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News; British News; Printer's Devil. 6.30 Jazz For The Asking. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Ray On Record. 9.00 News; World Business Review. 9.15 Seeing Stars. 9.30 Folk Routes. 9.45 Sports. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News Summary; Play of the Week: You May Leave The Show Is Over. 1.00 Newshour. 2.00 News; This Is Your Sport. 2.30 Anything Goes. 3.00 News; International Recital. 4.00 News; British News; BBC English. 4.30 News in German. 5.00 News; World Business Review; BBC English. 6.00 Newsdesk. 6.30 News in German. 8.00 News; Words of Faith; Folk Routes. 8.30 Europe Today. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; World Business Review; Ray On Record. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News; Writing The Life. 1.45 Top Scores. 2.00 Newsdesk. 2.30 Composer Of The Month. 3.00 News; British News; Sports. 3.30 Anything Goes. 4.00 News; Animals of Power. 4.30 BBC English. 4.45 News and Press Review in German.

CHESS

Linares, a Spanish tournament for the world's best grandmasters, is Gary Kasparov's fief. He won it in 1990, 1992 and 1993 and was runner-up in 1991.

Before Linares 1994, the strongest yet in the series, Kasparov provocatively stated that its winner could be called tournament world champion and that Judit Polgar would have a real test.

Polgar, 17, is a brilliant talent but Kasparov has always disparaged women players. He ground her down in 47 moves, and now has a straight fight with his old rival Anatoly Karpov.

After six of the 13 rounds, Karpov had maximum points with Kasparov a point behind (G Kasparov, White; V Ivanchuk, Black; Linares 1994).

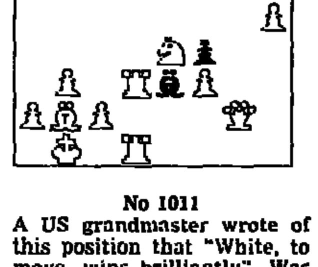
1 d4 Nf6 2 c4 e6 3 Nc3 d5 4 Nf3 e6 5 Bg5 dxc4 6 e4 b5 7 e5 h6 8 Bh4 g5 9 Nxg5 hxg5 10 Bxg5 Nbd7 11 exf6 Bb7 12 g3 c5 13 d5 Nxf6 14 Bg2 Bh6 15 Bxf6!? Ivanchuk has invited a favourite Kasparov opening and now faces the world no 1's homework. 15 Bxh6 is usual.

Qxf6 16 0-0 0-0-0 a6 17 dxe6 Bxg2 18 exf7+ favours White, so Black gambits his Q-side pawns. 17 Nxb5 exd5 18 Nxa7+ Kb8 19 Nb5 Bg7 20 a4 Qh6 21 h4 Bf6 22 Qe1 Bxh4

23 Qa5! White's attack is faster. Be7 24 Qc7+ Ka8 25 Qa5+ Kb8 26 Qc7+ Ka8 27 Rfe1 Bd6 28 Qb6 Bb8 29 a5 Rd7

30 Re8! So that if Qh2+ 31 Kf1 Rxe8 32 a6 Bc8 33 Qc6+ wins.

Qh2+ 31 Kf1 Qxg2+ 32 Kxg2 d4+ 33 Qxb7+ Simpler than 33 Kf1. Rxb7 34 Rxh8 Rxb5 35 a6 Ka7 36 Rf8 Rxb2 37 Rxf7+ Ka8 38 a7 c3 39 Rf8 Resigns.



No 1011

A US grandmaster wrote of this position that "White, to move, wins brilliantly". Was he right?

Solution Page XX

Leonard Barden

BRIDGE

Today's hand comes from rubber bridge. We study The Hopeless Finesse:

	N	
	♠ 7 6 2	
	♥ J 9 8 4	
	♦ A Q 7	
	♣ K 5 2	
W		E
♠ 10 9 8 5 4		♠ A K J
♥ 7 3		♥ 5 2
♦ 8 5 3		♦ K 9 6 4
♣ Q 8 7		♣ 10 6 4 3
	S	
	♠ Q 3	
	♥ A K Q 10 6	
	♦ J 10 2	
	♣ A J 9	

With East-West vulnerable North dealt, and South opened the bidding with one heart. North raised to three. South's bid of four hearts closed the auction.

West opened with the spade 10. East won with the king, cashed the ace and continued with the knave. Ruffing high, the declarer drew trumps with ace and king, then switched to the diamond knave, which he finessed.

The king won and East played a diamond for dummy to score ace and queen. The club king was cashed and South led another club, finessing his knave. This lost to the queen and the contract was defeated.

South said he had been unlucky: both finesses were wrong. Do we agree? Let us replay the hand together.

We ruff the third spade, draw trumps as before and lose the diamond finesse. But, after making dummy's two diamonds, we pause and count East's hand.

He has produced ace, king, knave of spades and diamond king – that is 11 points. How can he hold queen of clubs? Would he have passed with 13 points on the first round?

No, West must hold the club queen, so the direct finesse must lose. The only hope is the backward finesse. We must assume that East holds the club nine. We cross to hand, lead the knave, covered by queen and king, and return the two, finessing the nine. It holds. We have made 10 tricks.

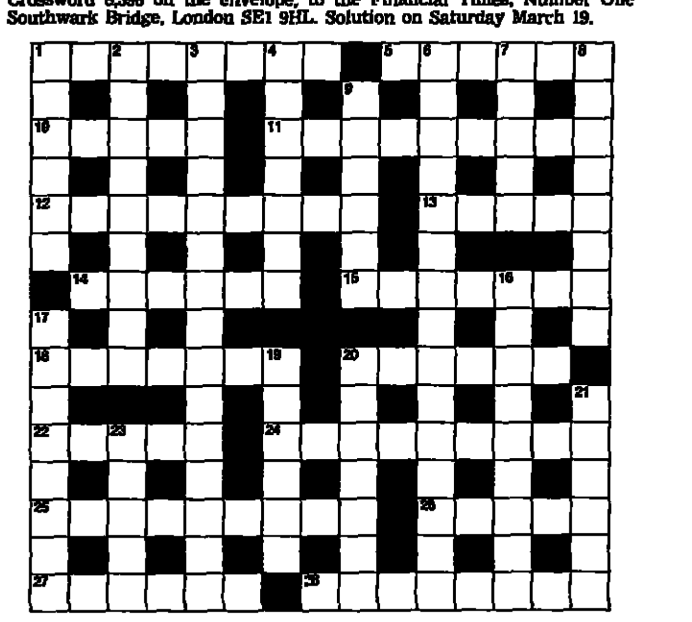
It is the thought that counts.

E.P.C. Cotter

CROSSWORD

No. 8,396 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday March 16, marked Crossword 8,396 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 19.



Name...

Address...

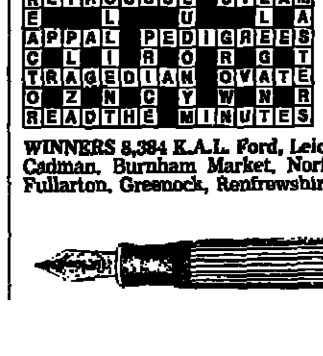
ACROSS

1 Fence suffering in extremes of rigidness? (8)
5 Hospital of some uneasy lumbago sufferers (6)
10 War-clubs of many champions (5)
11 Lay eggs or possibly make grotesque faces (9)
12 Silent pictures being shown here in Strathclyde (9)
13 Nails a burden, you say? (5)
14 Court-card (6)
15 Suspend party at midnight? How wretched! (7)
18 Powerful decimal point (7)
20 Contemplate archaeological work and set out (6)
22 Dance circle after a member (5)
24 Terry got back, on good terms with people inside (9)
25 Article about outbreak of caning (9)
26 Exciting duel – touching tip of épée with foil! (5)
27 Turns out for drama on board (6)
28 Energy's running out – singular sign of ageing (8)

DOWN

1 Perhaps make me ready without using a restorative (6)
2 Necessary clergyman? (9)
3 One's aunt nastily turned, there and then! (15)
4 Nameless hoodlum is a comedian (7)
6 The Bisley crowd in range (8-7)
7 Syringa, I call out (5)
8 Rough treatment of motorway banger with a piece missing (8)
9 Architect goes over church with a spanner (6)
16 Damage Diana's character? (9)
17 Orchestral instrument, tuned the wrong way, offends (8)
19 Result in, of England's openers against late-order players (6)
20 Widow's pledge to party? (7)
21 Clairvoyant Georgia retires and conforms (6)
23 Honourable master has spoken (5)

Solution 8,395



Solution 8,384

WINNERS 8,384 K.A.L. Ford, Leicester; N. Ayliffe, Lydney, Glos; M.H. Cadman, Burnham Market, Norfolk; J.L. Cope, London SW6; A.N. Fullarton, Greenock, Renfrewshire; Mrs R. Harvey, Leven, Fife.

The thin red line stands firm

***Dominic Lawson** praises the one British institution that is above ridicule*

At the turn of the year I published a somewhat callous article suggesting that our ailing national institutions needed the threat that has ever hung over companies in the private sector. That figure of nemesis is the liquidator, brought in by the banks when the business concerned is beyond salvation.

Among the customers for institutional euthanasia was Lloyd's of London. It would be better for all involved – except perhaps those drawing salaries for running it into the ground – if the whole market was wound up in an orderly fashion. The Football Association, the Test and County Cricket Board and the Jockey Club were also on the list of candidates for humane killing. There are those who would add the monarchy to this rota of once-great British institutions which have outlived their usefulness and which we should not strive officiously to keep alive.

After this article was published the titular head of one of these bodies – I do not mean Her Majesty the Queen – got in touch with me. Could I name, he asked me, any British institution which had not fallen victim to ridicule from the press and the public? The point of his question, I think, was to suggest that it was not so much that the institutions were all rotten, but that there was a general mood of *fin-de-siècle* cynicism which had been targeted indiscriminately at all public bodies.

But there is one British institution which has survived this attack. Indeed, I suspect that its reputation is as high as it has ever been. I refer to the army, or, more properly, the armed forces.

I am incapable of being in the company of a British soldier, active or retired, without feeling some slight sense of inferiority, in that he is a member of a profession which is above reproach. I am aware that journalism is perhaps not the highest calling that a man can achieve, but I do not feel the same sense of moral inadequacy when introduced to a doctor, an accountant, a lawyer or indeed any other member of our great professions.

Perhaps all men feel the way I do. From our earliest childhood we are brought up to believe that there can be nothing more masculine than to be a soldier. All other business is effete by comparison, so naturally we feel slightly less of a man in the company of one who is paid to take up arms in the service of his country.

There is more to it than that. The great virtue of the armed forces as an institution is that – outside Northern Ireland – we do not encounter them in our day-to-day lives. They are all but invisible, doing their job in a way that does not intrude on our prejudices or our fantasies. They live in barracks, not among us, abroad even when they are at home.

In so far as we are aware of them, we can hardly avoid noticing that they seem to be better than their international counterparts, something which scarcely seems to be the case with our other public bodies.

While General Sir Michael Rose could perhaps be expected to feature glowingly in the British press, there does seem to be an international appreciation that it has taken a British soldier to raise the morale of the United Nations forces in Bosnia, and to instil some sense of coherent military strategy into its operations.

There is, I believe, one overriding reason why the British Army is so good. It is ruthless with itself, as ruthless as any private company. It is continually culling from its ranks those men and officers who do not match the highest standards. That process will intensify as a result of the government's proposed cutbacks in the armed forces, but the constant pressure on men to resign their commissions if they cannot see their way to steady and merited promotion is very much the army's own style.

So when you read of Major James Hewitt's ungentlemanly conduct in selling his story of friendship with the Princess of Wales to the *Daily Express*, do not think less of the British Army. Just think how wise it was to have spotted a wrong 'un and given him early redundancy. What a discriminating institution.

■ *Dominic Lawson is editor of* The Spectator

Despatches/**Victor Mallet** in Bangkok

Confucius or convenience?

Asian leaders say their ideology must be taken seriously by the west, but critics say the philosophy is cynically self-serving

Datuk Seri Dr Mahathir Mohamad has asked Malaysians not to accept western-style democracy as it could result in negative effects. The prime minister said such an extreme principle had caused moral decay, homosexual activities, single parents and economic slowdown because of poor work ethics.

– Voice of Malaysia radio 29 May 1993

The Asian view: Dr Mahathir Mohamad, prime minister of Malaysia said western-style democracy had caused moral decay, homosexual activities, single parents and poor work ethics

Ashley Ashwood

A resurgent Asia is spurning the dogma of western liberalism and forging for itself a new and improved set of political and social beliefs, if we are to believe east Asian leaders such as Dr Mahathir, the Malaysian prime minister.

Trumpeted across the region as "The Asian Way", this emerging ideology is loosely based on the teachings of Confucius, who championed family values and respect for authority 2,500 years before John Major. Not all supporters of the Asian way claim that democracy makes you decadent and gay, but they reject many of the western liberal democratic ideas that seemed poised to dominate the world after the collapse of European communism in the 1980s.

In speeches and newspaper columns throughout Asia, the neo-Confucianists argue that authoritarian governments such as China's are acceptable, even essential, because discipline is necessary to bring prosperity to developing countries. Full democracy as understood in the west would lead to chaos.

Freedom of expression is undesirable, the argument continues, because it encourages instability and could provoke conflict between ethnic groups. The rights of individuals must be respected only insofar as they do not impinge on the greater rights of the community as a whole; in Asia, says Anwar Ibrahim, Mahathir's deputy, there is none of the "corrosive individualism" found in the west.

The Asian way is pragmatic. Asians reach agreement by consensus, rather than through the open and sometimes damaging confrontation of opposing views favoured in the west. The Asian way is applicable in domestic politics, in foreign policy and in business, and it should be accepted by the west; the west should stop arrogantly trying to impose inappropriate western standards of human rights, democracy and environmental protection on Asia, especially since Asia is on the rise and the west is declining as the "Pacific century" approaches.

International British businesses are by now painfully aware of their country's new-found notoriety as an offender against the Asian way.

First the British government angered Beijing with its attempts to introduce a limited democracy to Hong Kong before the colony was absorbed by China in 1997. Now the British press has offended Malaysia by investigating allegations of corruption and mismanagement involving British companies and the governments of both countries.

The recent popularisation of the Asian way doctrine has been assured by the economic success and resulting boost to the self-confidence of authoritarian east Asian governments. Perhaps it was not surprising that Mahathir should use an economic weapon to punish the British, barring British companies from Malaysian government contracts and depriving them of up to £4bn of expected business.

Already the Asian way (or its local variants: the "Thai way", the "Indonesian way" and so on) is a phrase blithely used by diplomats, businessmen and politicians – Asian and western – to explain anything about Asia they do not understand or do not want to discuss further, including corruption.

But does the Asian way really exist as something separate? Do ordinary Asians believe in it?

Leave aside for a moment the obvious objection that Indian democracy and Vietnamese communism, Thai corruption and Singaporean government incorruptibility, Malaysia's controlled media and the Philippines' free press, are all "Asian" but all as different from each other as chalk from cheese.

Consider instead whether the philosophy can shed any light on the present confrontation between Britain and Malaysia, whose government vigorously promotes the Asian way and bitterly resents what it sees as the racism and arrogance of the west.

"We believe the foreign media must learn the fact that developing countries, including a country led by a brown Moslem, have the ability to manage their own affairs successfully," said Anwar in announcing the sanctions against Britain.

If Asia was indeed the scene of a clash between western and Asian values, one would expect to find the westerners ranged on one side and the Asians on the other.

The reality is that the British and Malaysian governments, and British and Malaysian big businesses, are united in their horror at the substance and impact of the revelations by the British media: so far, these show that there was a link between £234m in British aid for the Pergau hydroelectric dam in Malaysia and a £1bn package of British arms sales, and that the dam project was uneconomic and therefore harmful to British taxpayers and Malaysian electricity consumers alike; they also allege that British companies were prepared to bribe Malaysian officials, including Mahathir.

Just as there are illiberal Britons who agree with Mahathir that such reports should never have been published, so there are many liberal Malaysians who would like a free press and who believe that corruption charges should be investigated. Lim Kit Siang, the Malaysian opposition leader, said the sanctions would be seen as "an attempt at a cover-up" and as "self-serving".

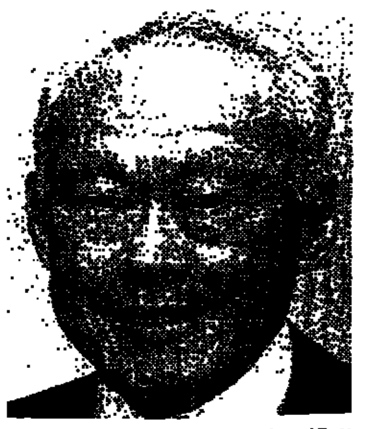
The philosophy of the Asian way is used to justify not only the existence of relatively benign Asian governments such as Malaysia's – dubbed "soft authoritarianism" by political scientists – but also the repressive actions of anti-democratic groups such as the Burmese junta. Its soldiers killed hundreds of civilians, and it refused to accept the results of an election in which its opponents won four-fifths of the seats.

This has given rise to suspicions among Asian liberals that the Asian way is a pretext for existing Asian governments to stay in power rather than a coherent ideology to explain the supposedly unique social and political values of Asian people.

To some Asians, a "consensus" merely means the view of whoever is in charge.

For every Asian who attributes success in, say, Singapore, to authoritarianism, it is possible to find another who attributes failure in, say, Burma, to the same thing.

The favourite butt of Asian authoritarians such as Lee Kuan Yew, the Singaporean leader and father-figure of neo-Confucianism, is the Philippines, where the undoubtedly *unproductive bickering* and lobbying of US-style democracy is regarded as the reason for the country's inability to match the economic performance of its south-east Asian neighbours.



Universal Pictorial Press

Lee Kuan Yew: of Singapore

When Lee Kuan Yew told businessmen in Manila that they needed discipline more than democracy, Fidel Ramos replied: 'This prescription fails to consider our ill-fated flirtation with authoritarianism not so long ago.'

Universal Pictorial Press

Fidel Ramos: president of the Philippines

But Filipino democrats protest that 13 years of dictatorship by the late Ferdinand Marcos ruined their country. When Lee told Filipino businessmen that they needed discipline more than democracy, president Fidel Ramos replied: "This prescription fails to consider our ill-fated flirtation with authoritarianism not so long ago."

One of the main weaknesses of the Asian way is that it is often portrayed as a reaction to western liberalism rather than a set of ideas in its own right. This is particularly true in Malaysia, where British colonialism seems to have left deep scars. It was the Malaysians who brought up the subject of "brown Moslem" leadership in the dispute with Britain; the British press was more interested in corruption and in the lies told by the British government. Even Singaporeans, who better appreciate their dependence on western markets and a western defence umbrella, see the Asian way principally as an antidote to decadent western values.

Most of the supposedly "Asian" values – hard work, strong families, home ownership, and morality, to name but four quoted by Tommy Koh, a Singapore academic and columnist – would in any case be *regarded as unexceptionable* by John Major. So supporters of the Asian way resort to wilful exaggeration of the west's (very real) social problems, while underplaying their own (equally real) difficulties as their countries are transformed at breakneck speed from agrarian to industrial societies. Typically, the narrowest western liberal attitude towards the world – every country must have one-person-one-vote democracy immediately – is set up as a man of straw and knocked down as impractical.

It is instructive to see what the proponents of the Asian way have *not* done. They have rarely suggested new, "Asian" forms of "consensus" government; instead they have usually adapted or distorted western or communist systems to their own ends, raising the question: if Asian authoritarianism is such a good idea, why pretend to be democratic? Academics have spent many happy hours pondering the way in which the governments of Singapore and Malaysia use democratic systems but become agitated – punishing offending constituencies – when their opponents win too many votes.

References to culture and civilisation, apart from the occasional token gesture, are also often curiously absent in the new official Asian thinking. Ask an Asian government minister about progress and achievement, and nine times out of 10 he will tell you by how many per cent the gross domestic product of his country has risen in the past year: western materialism at its worst, some might say.

"A strong economy is a precondition for domestic health, military strength and global influence," wrote Morton Abramowitz of the Carnegie Endowment for International Peace, in a recent article* casting doubt on the notion of the Pacific Century. "But in an interdependent world, those that aspire to lend their name to centuries must also have political strengths and value systems that enable them to project influence persuasively."

Many Asians agree, including a group of academics, bankers and former ministers who recently produced a report called "Towards a New Asia"; it advocated democracy within the rule of law and, while paying tribute to the importance of economic growth, suggested that Asia should "move to higher ground" and "become a greater contributor to the advancement of human civilisation".

Ironically the very economic growth which the authoritarians have used to justify their rule is rapidly creating an educated Asian middle class whose members do care about such supposedly "western" notions as individual rights and press freedoms, and who are prepared to protest publicly against government corruption, incompetence and authoritarianism. In recent years such democratisation has been visible in South Korea, Taiwan and Japan; and if the free market is a form of liberalism, then liberalism is visible all over Asia. The democratic uprising against the armed forces in Thailand in 1992, in which about 50 people were killed, became famous for the number of mobile telephones carried by the pro-democracy demonstrators.

Such people understand how quickly the world is becoming interdependent. Whereas Malaysian politicians tend to say that western companies are "taking advantage" of Malaysian economic success, the fact is that both sides are profiting from each other. Malaysia depends heavily on western education and on western and Japanese technology for its success. Asian countries, furthermore, are becoming so rich and successful that many Asian companies have started to invest in the west in the same way that western companies have for years invested in them.

Of course Asians are different from Europeans, but then the Thais are different from the Vietnamese, and the French from the English. To talk defensively of the Asian way is no substitute for vigorous public debate (forbidden in much of the region) about the challenges confronting authoritarian Asia: political successions, the gap between rich and poor, population growth, and the environmental devastation which threatens to undermine the very basis for future development. Orientalism – the practice of depicting eastern civilisations as mysteriously alien and subject to special treatment – is no more fitting for modern Asian rulers seeking to protect their fiefdoms than it was for the European colonialists of the past.

* *Pacific Century: Myth or Reality?. Morton Abramowitz. Contemporary Southeast Asia, Vol.15, No.3, Dec 1993, Institute of Southeast Asian Studies, Singapore.*

Wimp of the species

Michael Thompson-Noel

What a torment of stress I suffered this week. Pain. Anguish. The ripping to shreds of my fragile male ego. Everywhere I look, in fact, men are being scoffed at, thrust into victimhood. Our power is evaporating, our irrelevance ballooning. It is time to fight back.

The incident that propelled me into stress was an injury on the tennis court. Last Sunday morning. Paddington Sports Club. A ladder match – singles. Man versus man. Primeval. Barrel-chested. The crash of mighty strokes. Until the unfortunate moment when my back gave out. Just sort of locked itself. Pain unendurable. Lasted all week. Can still feel the twinges. Yet soldiering bravely on.

What exacerbated the stress was a run-in I had on Wednesday with my executive assistant. Like all true Thatcherites, Miss Lee is oblivious to male stress and pain, which are on the rise globally. She accused me of being a wimp. I had told her I was in trauma.

Miss Lee laughed imperiously. She said: "Let's get this straight, Michael. You walked on to the court and hit a few practice balls. Your opponent was under 30; you, of course, are not. He won the toss. His first serve hit the net. His second serve – not fast – looped on to your forehand and you hit it past the baseline. You scuttled to the net to pick up the first ball and as you started to bend you suddenly gave a croak and jigged around in agony.

"You had played just one point. Talk about a wimp. How do you expect, in this day and age, a pro-

HAWKS & HANDSAWS

fessional woman like me, with a completely full agenda, to find time to listen to spineless whimpering?"

That made me cross. I support female emancipation and a degree of equality. But talk like that provoked a turning of the worm.

I said: "It's gone too far, you know, this taunting of men. You obviously haven't heard, but it is men who are subjugated. We get a completely rotten deal."

"Rubbish," said Miss Lee.

I said: "Rubbish it is not. Through the blur of my pain I have been reading a plucky book: *The Myth of Male Power: Why Men Are the Disposable Sex*, by Warren Farrell. It has just appeared in Britain, and should be fêted for the vigour with which it sets the record straight."

"Record?"

"Correct. In the space available I cannot convey more than a haunting snapshot of Dr Farrell's thesis, but his argument is that, after millions of years, male-female roles – man the protector, woman the protected – have suddenly become unworkable.

"Dr Farrell says he wants us to stop expecting men to earn more money than women and then referring to male 'power' or 'dominance' rather than 'pressure' or 'obligation'; to grant men the same life expectancy as women; to 'give men special outlets and incentives to express their feelings and perspectives until men commit suicide no more frequently than women'; to 'monitor media sexism that defines relationship issues disproportionately from the female perspective'; to care as much about battered husbands as battered wives; to give fathers as much right to their children as mothers; to care as much *about saving males as saving* whales; to 'go beyond woman as sex object and man as success object to [see] both sexes as objects of love'."

Miss Lee chortled. "Frivolous tosh," she said. "Cloying. Stupid. *Care as much about saving males as saving whales?* Now I've heard it all."

I said: "Understand this, cup-cake: modern stress has produced far higher rates of heart attack and disgracefully shorter life-spans for males than for females; more alcoholism; pronounced fear of therapy; fear of commitment; far more male suicide. The stress is killing us.

"Here is a tit-bit from Dr Farrell: 'A woman [in the US] is 14 per cent more likely to die from breast cancer than a man is from prostate cancer, yet funding for breast cancer research is 660 per cent greater than funding for prostate cancer research. The death-to-funding ratio is 47:1 in women's favour'. That is a motto for our times, Miss Lee: *47:1 in women's favour.*"

Miss Lee laughed savagely. She said: "All *you've* got is tennis-back. But most men are wimps. Dr Farrell has assisted me. Clarified things considerably. Helped me see the light. My vote goes to whales."

■ *The Myth of Male Power*, Fourth Estate, paperback original, £6.99.